

Exhibit A (Part 1)

1

2 UNITED STATES DISTRICT COURT

3 SOUTHERN DISTRICT OF NEW YORK

4 ----- x

5

IN RE: VEECO INSTRUMENTS, INC.

6

SECURITIES LITIGATION

7

8 ----- x

9

10 DEPOSITION of STEELWORKERS PENSION FUND, by
11 RICHARD S. HOFFMAN, taken pursuant to Notice, held
12 at the offices of Berger & Montague, P.C., 1622
13 Locust Street, Philadelphia, Pennsylvania, on
14 December 8, 2005, at 9:57 a.m., before a Notary
15 Public of the State of New York.

16

17

18

19

20

21

22 *****

23 BARRISTER REPORTING SERVICE, INC.

120 Broadway

24 New York, N.Y. 10271

212-732-8066

25

<p>1 2 APPEARANCES: 3 4 BERGER & MONTAGUE, P.C. 5 Attorneys for STEELWORKERS PENSION FUND 6 1622 Locust Street Philadelphia, PA 19103 7 BY: ARTHUR STOCK, ESQ. -and- 8 PHYLLIS PARKER, ESQ. 9 10 GIBSON, DUNN & CRUTCHER, LLP 11 Attorneys for VEECO INSTRUMENTS, INC. 200 Park Avenue 13 New York, New York 10166-1093 14 BY: ROSS WALLIN, ESQ. 15 16 17 18 xxxxx 19 20 21 22 23 24 25</p>	<p>2 1 2 RICHARD S. HOFFMAN, 3 having been first duly sworn before a 4 Notary Public of the State of New York, 5 was examined and testified as follows: 6 7 EXAMINATION BY 8 MR. WALLIN: 9 Q What is your name? 10 A Richard S. Hoffman. 11 Q What is your address? 12 A 7 Neshamanay Interplex, Suite 301, 13 Trevose, Pennsylvania 19053. 14 Q Good morning, Mr. Hoffman. My name is 15 Ross Wallin. I'm with the firm of Gibson 16 Dunn & Crutcher. We represent VEECO 17 Instruments as well as the individual 18 defendants in the VEECO Instruments 19 securities litigation. 20 I'm going to be asking you some 21 questions for a couple of hours this morning. 22 If I ask you any questions that you don't 23 understand, I want you to let me know and 24 I'll decide based on what you tell me whether 25 I feel like I need to rephrase the question.</p>
<p>1 2 STIPULATIONS 3 4 IT IS HEREBY STIPULATED AND AGREED by and 5 between the attorneys for the respective parties 6 herein, that filing, sealing and certification, 7 and the same are, hereby waived. 8 9 IT IS FURTHER STIPULATED AND AGREED that 10 all objections except as to the form of the 11 question, shall be reserved to the time of the 12 trial. 13 14 IT IS FURTHER STIPULATED AND AGREED that 15 the within deposition may be signed and sworn to 16 by an officer authorized to administer an oath, 17 with the same force and effect as if signed and 18 sworn to before the Court. 19 20 21 xxxxx 22 23 24 25</p>	<p>3 1 2 Hoffman 3 But if you don't indicate that you don't 4 understand the question, then I'm going to 5 assume that you do understand it and I'm going to look to you for an answer. 6 If at any point in time you want to 7 take a break, just let me know. This is not 8 intended to be uncomfortable, so if you need 9 to use the restroom, let me know. I'll 10 probably just as a matter of course try to 11 take a break every hour or so just for my own 12 benefit. 13 Have you ever been deposed before? 14 A Yes. 15 Q How many occasions? 16 A Oh, I would say under twenty. That's 17 being deposed as a person being deposed. 18 Q When was the last time you were 19 deposed? 20 A About five years ago. 21 Q What type of matter was that 22 deposition related to? 23 A A former employee of the Steelworkers 24 Health and Welfare Fund was suing the Health 25 and Welfare Fund for severance pay he claimed</p>

1 Hoffman 2 was owed to him. 3 Q Were you being asked to testify as a 4 representative of the steelworkers in that 5 case? 6 A Yes. 7 Q How many of the approximately twenty 8 depositions you've given have been in 9 connection with your work for steelworkers? 10 A All of them. 11 Q Over what time period? I'm not going 12 to ask you about all twenty depositions. 13 A 45 years. 14 Q Have you ever been a party to a 15 lawsuit in your individual capacity? 16 A Yes. 17 Q About how many occasions? 18 A As a party to a lawsuit? 19 Q Yes. 20 A I think on two occasions. 21 Q What were those? 22 A I was suing a real estate agent on a 23 contract I had made with him about payment of 24 rent on an investment unit I had purchased. 25 I was a plaintiff in that case.	6 1 Hoffman 2 office, I testified in several suits 3 involving Bucks County, people suing the 4 county for various reasons. 5 Q What elective office did you hold? 6 A For the County Clerk of Courts. 7 Q That's for Bucks County? 8 A Yes. 9 Q Have you held any other elective 10 office? 11 A Yes, supervisor for Warminster 12 Township. 13 Q When were you the Clerk of Courts for 14 Bucks County? 15 A In the '70s and '80s. I was Clerk of 16 Courts for eight years. 17 Q The second elected position you 18 mentioned which was? 19 A Supervisor, was early '70s. 20 Q Have you held any other elective 21 offices? 22 A No. 23 Q How many times have you testified as a 24 witness in court in connection with the suit 25 relating to the Steelworkers Money Managers?
7 1 Hoffman 2 In another case I was defended -- I 3 was being sued by a contractor for some work 4 he did for me, and he claimed I didn't pay 5 him sufficiently. 6 Q Have you ever given testimony in a 7 court before? 8 A Yes. 9 Q In what matter? 10 A Both those matters. 11 Q Any other matters besides the two you 12 described? 13 A Yes, I've been a witness in several 14 cases involving money managers for the 15 Steelworkers Pension Trust. Employees leave 16 them and start their own money management 17 firm and they take business away, and there's 18 usually a suit by the old firm against the 19 new firm and I've been -- we have switched 20 allegiance. I've testified as to the reason 21 we've switched allegiance. 22 I've also testified as an expert 23 witness in innumerable domestic relation 24 cases when it comes to valuation of pension. 25 I've held -- when I held elective political	9 1 Hoffman 2 A How many times? 3 Q Yes. 4 A A few. 5 Q Less than five? 6 A Oh, yes. 7 Q When was the last time you testified 8 in a matter relating to the Steelworkers 9 Money Managers? 10 A Fifteen years ago. 11 Q I should have mentioned this during my 12 instructions, but I will make an effort not 13 to start talking while you're answering your 14 questions, and if you could make an effort 15 not to talk while I'm asking my questions our 16 court reporter will be very grateful to both 17 of us. 18 A Is that right? 19 Q Have you produced any documents to the 20 defendants in this case? 21 A Yes. 22 Q Did you personally search for the 23 documents that were produced? 24 A In a matter of speaking, yes. 25 Q What did you do to search?

1 Hoffman 2 A I ordered, directed staff to provide 3 the documents. I didn't search them out 4 myself. 5 Q Did you provide the documents that 6 your staff collected to counsel? 7 A Yes. 8 Q Have they been produced to VEECO, as 9 far as you know? 10 A I don't know. 11 Q If you can give me a brief narrative 12 description of your educational background, I 13 would appreciate it. 14 A I went to undergraduate school at 15 Wharton. I took a master's degree in 16 business administration in Columbia. 17 Q What year did you graduate from 18 Wharton? 19 A '51, I think. Then I went for a 20 master's degree at Columbia the next year. 21 Q That was a master's in business 22 administration? 23 A Yes. Then I went to law school at the 24 University of Pennsylvania, graduated in 25 1955.	10 1 Hoffman 2 Q How many members are on the board of 3 trustees? 4 A Ten. 5 Q Who is the current chairman? 6 A Michael Felice. 7 Q Are there any other members of the 8 Steelworkers staff that functions as 9 attorneys other than you? 10 A No. 11 Q How long have you held the position of 12 house counsel? 13 A Since 1958. 14 Q You realize this covers a broad range 15 of time, but has your responsibility as house 16 counsel changed from '58 to today? 17 A Yes. 18 Q Can you describe to me generally how 19 they've changed? 20 A Well, prior to the enactment of ERISA 21 it was a fairly -- how should I say -- fairly 22 narrow job. About the only thing we had to 23 do on a routine basis or I had to do on a 24 routine basis was to collect delinquency. 25 The law was all state law. I also acted as
11 1 Hoffman 2 Q Let's run through your employment 3 history. We'll work from the most recent 4 going back as far as necessary. 5 What is your current position with the 6 Steelworkers? 7 A Counsel for the Steelworkers Pension 8 Trust, house counsel. 9 Q What are your responsibilities as 10 house counsel? 11 A To act as attorney for the trust, 12 trustees and employees in all matters 13 involving the Steelworkers Pension Trust and 14 related matters. 15 I also supervise the staff at the 16 office subject to the directions of the 17 chairman and the board of trustees. 18 Q How large is the staff in the office 19 currently? 20 A In the Trevose location, 26. 21 Q The Trevose location is where you 22 currently work? 23 A Yes. You have one other location in 24 Pittsburgh, and there's three employees 25 there.	11 1 Hoffman 2 counsel for the union and the union health 3 and welfare fund at the same time. 4 Then when ERISA was adopted, it became 5 a whole new learning experience, of course, 6 and I devoted more and more time to ERISA 7 litigation, benefits litigation, matters of 8 that sort; IRS matters, audits. of the DOL, 9 the IRS. 10 So it was a passage of ERISA in the 11 years that that act was interpreted by the 12 court, the duties became just multiplied 13 tremendously, and I had less and less time 14 for private practice and other things that I 15 was engaged in. 16 Q By private practice, do you mean you 17 were performing some other job other than 18 serving as house counsel for the 19 Steelworkers? 20 A Yes, I was partner in a couple of law 21 firms, and I had my own private practice. 22 Q Which law firms were you partners in? 23 A Cordes King & Hoffmann, Goodheart & 24 Hoffman, Rappaport & Newman. 25 Q Can you give me the approximate dates

1 Hoffman 2 that you were a partner at the various firms? 3 A Rappaport & Newman was when I got out 4 of the service, which was 1957. Goodheart & 5 Hoffman was from that point until 6 Mr. Goodheart became a judge. It was about 7 ten years later. 8 Then I was with Cordes King, which is 9 a Bucks County firm, for four or five years. 10 After that I was in private practice, single 11 practitioner. 12 Q Do you continue to have a private 13 practice? 14 A No. 15 Q When did you cease having private 16 practice? 17 A I started to withdraw from private 18 practice about five years ago. It took a 19 while. It took three years to get completely 20 out. 21 Q Over the last three years has your 22 work with the Steelworkers been your only 23 source of employment? 24 A Yes, other than assisting other 25 attorneys in this pension litigation and	14 1 Hoffman 2 describe what the business is of the 3 Steelworkers Pension Trust currently. 4 A Very simple: The business is to 5 collect contributions that employers have 6 obligated themselves through collective 7 bargaining with the Steelworkers union to 8 make to the Steelworkers Pension Trust in 9 order to provide pensions for their employees 10 and then to invest that money, and the third 11 part is to pay the benefits when due. Very 12 simple. 13 Q How many Steelworkers across the 14 country currently have pension plans that 15 were ultimately paid out by the Steelworkers 16 Pension Trust? 17 A 50,000. 18 MR. STOCK: Can you clarify 19 whether you're talking about only 20 Steelworkers or whether other people 21 not in the Steelworkers pension? 22 MR. WALLIN: I guess I should 23 ask the predicate questions. 24 Q Can you describe the membership of the 25 Steelworkers Pension Trust?
15 1 Hoffman 2 domestic relation cases. 3 Q Do you currently have any non-legal 4 job functions with the Steelworkers? 5 A Yes. 6 MR. STOCK: I object to the 7 term "non-legal jobs," but if you 8 understand it, you can answer. 9 A Well, I supervise the staff. 10 Q You regard that as a business function 11 rather than a legal function? 12 A Yes. 13 Q What is involved in supervising a 14 staff? 15 A Well, a lot of it is legal. They 16 refer all matters of interpretation of the 17 documents, benefits of claim to me which is 18 legal, but I also direct them in their 19 day-to-day functions in accounting and 20 processing benefit claims, make decisions as 21 to vacations. 22 Our staff is unionized and I deal with 23 the union, grievances they may file, handle 24 management, personnel. 25 Q Perhaps it would be useful if you can	15 1 Hoffman 2 A It's employees who are represented 3 through collective bargaining by the 4 Steelworkers union. 5 Q Who is included in the Steelworkers 6 union? 7 A Obviously those who work in steel 8 mills and related industries, mainly, and 9 today also represent many other industries 10 that are not directly connected with steel. 11 For example, they represent hospitals, 12 hospital employees in certain areas of the 13 country, but mainly it's steel and the many 14 related industries of steel. 15 Q Am I correct that the 50,000 members 16 that you mentioned is the total membership of 17 the Steelworkers union? 18 A No. The total number now is over a 19 half a million. The number of active 20 participants, people who are employed 21 actively with contributions being made on 22 them by their employers is 50,000. 23 Q How much money is currently under 24 investment by the Steelworkers Pension Trust? 25 A 1.5 billion.

<p>1 Hoffman 2 Q Are 100 of the Steelworkers Pension 3 Trust funds currently vested? 4 A I hope so, yes. To the best of my 5 knowledge, yes. 6 Q How does a current number of members 7 compare, let's say, to the number of members 8 ten years ago? 9 A I would say it doubled. 10 Q Has the total amount of money under 11 investment approximately doubled as well? 12 A Not quite always, but considerably. 13 We were close to a billion, so it increased 14 by 50 percent. 15 Q Do you have any other graduate degrees 16 other than the MBA from Columbia? 17 MR. STOCK: And a law degree? 18 MR. WALLIN: And the law 19 degree. 20 A No. 21 Q Do you have any particular training in 22 accounting other than what you've received in 23 connection with receiving your MBA? 24 A No. 25 Q Am I correct that you're not a</p>	<p>18</p> <p>1 Hoffman 2 Q Who are the Steelworkers' current 3 money managers? 4 A Well, we have twenty. 5 MR. WALLIN: Let me mark a 6 document I want to show you, if this 7 list is complete. I ask you to take a 8 look at a document that your counsel 9 produced to us presently, SPT 01 10 through SPT 02. It appears to be a 11 printout from a web site. 12 We'll mark that as Exhibit 1. 13 (Whereupon a document bearing 14 production numbers SPT 01 through SPT 15 02 was marked as Exhibit 1 for 16 identification, as of this date.) 17 THE WITNESS: Yes, this 18 looks -- this appears to be correct. 19 Q Am I correct that that document is a 20 printout from the Steelworkers Pension Trust 21 web site? 22 A Yes. 23 Q When you say it was correct, I assume 24 you're referring to the second page, SPT 02? 25 The numbers are at the bottom right-hand</p>
<p>19</p> <p>1 Hoffman 2 licensed accountant? 3 A You are correct. 4 Q Is the Steelworkers Pension Trust 5 currently a party in any other securities 6 litigations, to your knowledge? 7 A We are in members of classes, yes. 8 Q Is the Steelworkers currently a class 9 representative or a lead plaintiff in any 10 other securities litigations? 11 A No. 12 Q Have you ever been deposed in any 13 litigation in which the Steelworkers were a 14 lead plaintiff? 15 A No. 16 Q Do you have any responsibility for 17 making investment decisions on behalf of the 18 Steelworkers Pension Trust? 19 A No. 20 Q Who within the Steelworkers Pension 21 Trust has responsibility for making those 22 sorts of decisions? 23 A Making investment decisions? 24 Q Yes. 25 A The money managers.</p>	<p>21</p> <p>1 Hoffman 2 side. 3 A Yes. 4 Q Is this list here of managers the 5 current list of the Steelworkers Pension 6 Trust money managers? 7 A Yes. 8 Q Now, the money managers are not 9 employees of the Steelworkers Pension Trust, 10 are they? 11 A No. 12 Q Am I correct that they're outside 13 firms that you hired to make investment 14 decisions with the Steelworkers funds? 15 A Yes. 16 Q Which of the money managers listing 17 here on SPT 2 is responsible for the largest 18 percentage of the Steelworkers investment? 19 A I think it's T-O-R-R-A-Y. 20 MR. WALLIN: It's listed on SPT 21 02 as Robert E. Torray & Company, Inc. 22 Q What percentage of the Steelworkers 23 funds is invested through Robert E. Torray & 24 Company? 25 A He has maybe 200 million.</p>

1 Hoffman 2 Q Do you have any understanding of how 3 much the Steelworkers currently have invested 4 through Fox Asset Management? 5 A Well, it's about seven and a half 6 percent of the entire portfolio. 7 Q Has the amount of money invested 8 through Fox Asset Management changed 9 significantly over the last three to four 10 years? 11 A I think only by its own earnings. 12 Q Who is responsible within the 13 Steelworkers Pension Trust for deciding which 14 money managers the Steelworkers will invest 15 through? 16 A Board of trustees. 17 Q Do you have any roles in those 18 decisions? 19 A Not anymore. 20 Q Did you at some point in the past? 21 A Yes. 22 Q For what period of time did you have 23 responsibility? 24 A Till about five years ago. 25 Q Were you a member of the board of	22 1 Hoffman 2 A No, I don't know precisely what we did 3 with Fox, but the normal procedure was to 4 visit the office of the money managers under 5 consideration, see their operation and talk 6 to the staff, et cetera. Either I or 7 somebody else did that with Fox Asset 8 Management. 9 Q Have you had any contact with anyone 10 at Fox Asset Management in the last three 11 years? 12 A Only when I see the gentleman at the 13 meetings. He comes to make presentations. 14 Q Which gentleman are you referring to? 15 A Sincowitz (phonetic). I forget his 16 name. 17 Q Do you know how to spell his name? 18 A No. It's a Polish name. 19 Q Is he a principal of Fox Asset 20 Management? 21 A Yes. 22 Q Is he responsible for making decisions 23 on behalf of the Steelworkers, investment 24 decisions on behalf of the Steelworkers? 25 A He says he is.
23 1 Hoffman 2 trustees at that time? 3 A No. 4 Q Did you have sole responsibility at 5 that time before deciding what money managers 6 the Steelworkers would use? 7 A No. My role was to participate in the 8 interview of potential money managers and to 9 do due diligence investigations, but I 10 voluntarily withdrew from that. It was too 11 time consuming. 12 Q Did you participate in the decision to 13 retain Fox Asset Management as a money 14 manager for the Steelworkers? 15 A Well, they came in, I think, in 2000, 16 so I might have participated in the selection 17 process that included Fox. There were 18 others, of course, under consideration, so I 19 might have since it was five years ago. 20 That's about when I withdrew from those 21 duties. 22 Q Do you recall what, if any, due 23 diligence you did in connection with the 24 Steelworkers' retention of Fox Asset 25 Management?	23 1 Hoffman 2 Q Do you have any reason to believe 3 otherwise? 4 A No, but I know that a lot of money 5 managers send their marketing person to these 6 meetings who really isn't responsible but 7 they all say they are, but I think in this 8 case he really is. 9 Q How large an organization is Fox Asset 10 Management? 11 A I don't know. I don't know. 12 Q You said that the board of trustees 13 currently makes decisions about which money 14 managers the Steelworkers Pension Trust will 15 retain. 16 Are there particular members of the 17 board of trustees that are responsible for 18 making those decisions currently? 19 A No. 20 Q Are those decisions made on some sort 21 of regular basis? 22 A No. 23 Q Are they made on an ad hoc basis, as 24 needed? 25 A Before we lapsed going into a positive

<p style="text-align: right;">26</p> <p>1 Hoffman 2 cash flow, which was about three years ago, 3 we had a negative cash flow, and the only 4 time we hired new managers is when we fired 5 existing managers.</p> <p>6 Now since we have a positive cash 7 flow, they brought on some nontraditional 8 managers reaching for return, but they didn't 9 fire anybody that's got additional managers. 10 They happen to get what we call 11 non-traditional managers, hedge funds, real 12 estate funds, because their trustees wanted 13 greater return on their investment or our 14 investment.</p> <p>15 Q Which of the current money managers 16 listed on Exhibit 1 are hedge funds or real 17 estate funds?</p> <p>18 A Let me see. The Multi-Employer 19 Property Trust is a real estate. Peregrine 20 Capital, I think, is a hedge fund.</p> <p>21 Q Any others that you recognize?</p> <p>22 A No.</p> <p>23 Q You made reference a couple of times 24 to the fact that the Steelworkers have fired 25 money managers in the past. What might be a</p>	<p style="text-align: right;">28</p> <p>1 Hoffman 2 Q To your knowledge, has the 3 Steelworkers Pension Trust filed its federal 4 and state tax forms every year for the last 5 five years or so?</p> <p>6 A Yes.</p> <p>7 Q Have the Steelworkers ever been the 8 subject of an audit, the pension trust?</p> <p>9 A By DOL? We're audited every year by 10 our auditor as required by law.</p> <p>11 Q I mean by a government agency, either 12 DOL or the IRS or whatever.</p> <p>13 A Not for many years.</p> <p>14 Q When was the last time the 15 Steelworkers were the subject of an audit?</p> <p>16 A It had to be in the '70s.</p> <p>17 Q Let me just remind you again I think 18 we're still beginning to talk over each 19 other, and I think we're making life 20 difficult for our court reporter so just keep 21 that in mind.</p> <p>22 Q You said seven years ago?</p> <p>23 A In the '70s.</p> <p>24 Q I apologize.</p> <p>25 Has the Steelworkers Pension Trust</p>
<p style="text-align: right;">27</p> <p>1 Hoffman 2 basis for firing money managers?</p> <p>3 A Only one basis. Poor performance.</p> <p>4 Q When is the last time the Steelworkers 5 fired a money manager for poor performance?</p> <p>6 A I forget. About three years ago.</p> <p>7 Q Which money manager was that?</p> <p>8 A I forget who it was. Once they're 9 gone, I forget about them.</p> <p>10 Q I think this was clear from your 11 previous testimony, but is the list of money 12 managers on Exhibit 1 current?</p> <p>13 A I believe so. There might be a few 14 additions.</p> <p>15 Q For example, is Fox Asset Management 16 still a current money managers?</p> <p>17 A Yes, they're still money managers.</p> <p>18 There has been no deletions. Maybe a couple 19 of small additions; real estate, hedge funds.</p> <p>20 Q Are you responsible for filing the 21 Steelworkers tax returns every year?</p> <p>22 A No. I review them.</p> <p>23 Q Do you retain an outside tax 24 specialist for that purpose?</p> <p>25 A No. The accounting manager does that.</p>	<p style="text-align: right;">29</p> <p>1 Hoffman 2 ever been the subject of any sort of 3 administrative investigation, for example, by 4 the SEC?</p> <p>5 A No.</p> <p>6 Q Has it ever been the subject of any 7 administrative investigation by some federal 8 agency other than the SEC?</p> <p>9 A No.</p> <p>10 Q What about a state agency?</p> <p>11 A No.</p> <p>12 Q Have you personally ever been 13 investigated by the SEC?</p> <p>14 A Not to my knowledge, no.</p> <p>15 Q Am I correct that you don't have any 16 prior criminal background?</p> <p>17 A None.</p> <p>18 Q Do you know why you're being deposed 19 today?</p> <p>20 A Yes.</p> <p>21 Q What is your understanding of why 22 you're being deposed today?</p> <p>23 A To determine whether the Steelworkers 24 Pension Trust is a suitable lead plaintiff.</p> <p>25 Q What does it mean to be a lead</p>

1 Hoffman 2 plaintiff in a securities action? 3 A A lead plaintiff is very similar to 4 what we do. Of course, all of us who have 5 responsibilities for the Steelworkers Pension 6 Trust or fiduciaries under ERISA have a 7 tremendous fiduciary responsibility, and that 8 is what I analogize to being lead plaintiff. 9 You have to act in a fiduciary 10 capacity for other members of the class. You 11 have to make sure that any settlements that 12 are proffered are reasonable and suitable. 13 You have to make sure that the fees and 14 expenses charged by plaintiff's counsel are 15 fair and reasonable. You have to make 16 yourself available to testify for depositions 17 and in court. You have to gather all kinds 18 of information by being fiduciary for all the 19 other class members. 20 Q Who within the Steelworkers Pension 21 Trust would be responsible for ensuring that 22 the Steelworkers fulfill the fiduciary duties 23 that you just described? 24 A Me. 25 Q Would anyone else within the	30 1 Hoffman 2 A Counsel keeps us advised, and perhaps 3 we would make suggestions. Just knowing what 4 is going on gives you the ability to 5 influence it to some degree. 6 Q How many securities litigations in the 7 last five years have the Steelworkers sought 8 to be named as lead plaintiff? 9 A How many? 10 Q Yes. 11 A Just one, I believe. 12 Q Are you referring to the current 13 litigation? 14 A No, besides this one. 15 Q Which litigation are you referring to? 16 A WorldCom Bond. 17 Q Were the Steelworkers, in fact, named 18 as lead plaintiff in that action? 19 A No, the whole action was dropped. 20 We're getting some money out of WorldCom 21 Bond, but it's through the SEC. 22 Q When you say the action was dropped, 23 you mean that it was dismissed by the court? 24 A No, something else happened. I forget 25 exactly.
31 1 Hoffman 2 Steelworkers Pension Trust share those 3 responsibilities? 4 A Perhaps my assistant. He's not a 5 lawyer, but he's going to law school. 6 Q Is it your understanding that the 7 Steelworkers Pension Trust is somehow 8 obligated to serve or attempt to serve as a 9 lead plaintiff in certain securities actions 10 in order to fulfill its fiduciary duties to 11 its members? 12 A No, we're not obligated to serve as 13 lead counsel. 14 Q What are the advantages of the 15 Steelworkers Pension Trust of serving as a 16 lead plaintiff in a securities action? 17 A Well, we have been and are presently 18 members of classes in many securities 19 litigation, and we have no idea what is going 20 on until we get a statement of, "Here is what 21 you're going to get if you want it." 22 So the advantage is keeping abreast of 23 what is going on and to some extent being 24 able to influence it. 25 Q Influence litigation in what manner?	31 1 Hoffman 2 Q Was the lead plaintiff ever named in 3 that action? 4 A No, there was never any class action 5 as far as I know. 6 Q Do you know whether the court refused 7 to certify a class in that action? 8 A No, I don't. I don't remember. 9 Q What is your understanding of what a 10 class action is? 11 A It's sort of a device to save court 12 time, to reduce costs when you have a lot of 13 people allegedly injured by an action, and 14 they're all in the same position and they all 15 have essentially the same claim, the only 16 difference being the extent of your damages. 17 Then you can qualify as a class and sort of 18 pool your resources and cut down the cost of 19 litigation, and it's helpful to the courts 20 because it eliminates multiple litigation of 21 the same issue. Instead of having a hundred 22 cases on the same issue or a thousand or 23 2,000, you'll have just one. 24 Q Can you define for me the class of 25 persons that the Steelworkers are seeking to

<p style="text-align: right;">34</p> <p>1 Hoffman 2 represent in this action? 3 A The class of persons? Anybody who 4 invested in VEECO securities during the 5 period involved and lost money. 6 Q Do you know what the period involved 7 is? 8 A I think it was 2004. 9 Q Do you know the specific dates? 10 A No. I don't remember. I've seen it, 11 but I don't remember. 12 Q Do you know if there are any other 13 lead plaintiffs in this action other than the 14 Steelworkers Pension Trust? 15 A As far as I know, we're the only lead 16 plaintiff. 17 Q You mentioned before that one of the 18 advantages of being a lead plaintiff in your 19 view is that it allowed the Steelworkers to 20 stay abreast of actions in which it had an 21 interest, correct? 22 A Correct. 23 Q Do you receive documents relating to 24 this litigation from your counsel that 25 assists you in keeping abreast of the action?</p>	<p style="text-align: right;">36</p> <p>1 Hoffman 2 plaintiff, I believe. 3 Q That is your understanding as to what 4 that opinion related to was the certification 5 of the class? 6 A Yes. 7 Q Do you know who Michael Weiss is? 8 A Yes, he was an officer in VEECO. 9 Q Do you know who John Kiernan is? 10 A Yes, he was also an officer. 11 Q Do you know whether they are currently 12 defendants in the action? 13 A Those two are, yes. 14 Q Did you review the consolidated 15 amended client that was filed in this action? 16 A Yes. 17 Q The consolidated amended complaint 18 refers to a number of confidential witnesses; 19 do you recall that? 20 A I know there are confidential 21 witnesses. 22 Q Have you ever spoken to them? 23 A Me? No. 24 Q Has anyone at the Steelworkers ever 25 spoken to these confidential witnesses?</p>
<p style="text-align: right;">35</p> <p>1 Hoffman 2 A Oh, yes. 3 Q Approximately how often do you receive 4 documents from lead counsel? 5 A Frequently. 6 Q Can you give me some sense of what you 7 mean by frequently? 8 A I would say every quarter, at least. 9 Q Who is your main contact at your 10 counsel's office? 11 A Phyllis Parker. 12 Q Do you know which court the action is 13 currently pending in? 14 A I believe it's the Federal District 15 Court for New York. 16 Q Do you know who the judge is? 17 A McMahon. 18 Q Do you know whether the courts issued 19 any written decisions in this case to date? 20 A I think so. 21 Q Do you know what those decisions 22 related to? 23 A I think one was -- I don't know if the 24 class has been certified. If the class has 25 been certified, we're named as lead</p>	<p style="text-align: right;">37</p> <p>1 Hoffman 2 A Not to my knowledge. 3 Q Do you know the identity of the 4 confidential witnesses? 5 A No, I don't. 6 Q Does the Steelworkers Pension Trust 7 have any current judgments against it? 8 A No. 9 Q Is a Steelworkers Pension Trust a 10 creditor in any outstanding judgments or 11 liens? 12 A Yes. 13 Q Which ones? 14 A Oh, I don't know. We handle -- I 15 handle literally hundreds of delinquencies 16 every year. Many of those go to judgment, 17 and I usually then file them in the state 18 court of the county where the employer is 19 located so we have lots of liens against 20 employers all over the country. If you'd 21 like, I'll sell them to you very reasonably. 22 Q I have no interest in speculating in 23 Steelworkers' debt. Thank you for the offer. 24 Do you have any outstanding judgments 25 or liens other than against employer</p>

<p>1 Hoffman 2 delinquencies? 3 A Other than those involved in employer 4 delinquencies, none. 5 Q Do you have a general understanding of 6 the Steelworkers Pension Trust overall 7 investment portfolio? 8 A Yes. 9 Q Percentage of the Steelworkers 10 investment portfolio is invested in equities? 11 A 70 percent. 12 Q Is the remainder invested in debt? 13 A Yes. 14 Q You seem quite sure of those 15 percentages. Is that mandated by some 16 by-laws or something of the trust? 17 A Well, the allocation of your 18 investments is one of the key things in 19 fulfilling the trustees' fiduciary 20 obligations to make prudent investments. 21 Asset allocation is where you start. 22 So asset allocation is reviewed almost 23 annually. Although we haven't changed it in 24 many years, we spent a lot of money reviewing 25 asset allocation, so that's very important.</p>	<p>38</p> <p>1 Hoffman 2 insulation. The trustees do not want to be 3 responsible for investments that go sour, and 4 the way you do that in accordance with the 5 law is that you select qualified certified 6 money managers. You're very careful in 7 selecting, making sure you're getting good 8 ones, and then you have a duty to monitor 9 them. And if you do that, you're thereby 10 insulating yourself as a trustee. 11 If the money manager makes important 12 investments like this one, VEECO, and some 13 disgruntled participants were to sue for 14 breach of fiduciary duty, trustees would show 15 we didn't breach our fiduciary duty, we 16 selected -- carefully selected a money 17 manager, we monitored with a recorder and 18 things happened, but we're not responsible 19 for investments that go sour because we don't 20 actually make the investment decision. The 21 money manager has the responsibility. 22 Q Who is responsible for monitoring the 23 performance of the money managers? 24 A The trustees. 25 Q As a group or as a specific</p>
<p>1 Hoffman 2 That is where you start, where the asset 3 allocation is, 70/30. 4 Q For how long has the asset allocation 5 been 70 percent equity and 30 percent debt? 6 A For at least fifteen years. 7 Q I'll ask this question generally, and 8 you can tell me if it is different for 9 different money managers: 10 Are the Steelworkers Pension Trust 11 money managers allowed to make investment 12 decisions on behalf of the Steelworkers 13 Pension Trust without the Steelworkers 14 Pension Trust's approval? 15 A Yes. 16 Q Is that true for every one of the 17 money managers listed on Exhibit 1? 18 A Yes. 19 Q How common is it for a money manager 20 to consult with the Steelworkers Pension 21 Trust about a particular investment? 22 A It is extremely uncommon and 23 discouraged. 24 Q Why is it discouraged? 25 A Because the trustees are seeking</p>	<p>39</p> <p>1 Hoffman 2 individual? 3 A No, as a group. 4 Q What metrics do the trustees use to 5 measure performance of the money managers? 6 A We hire an outfit that measures 7 performance that submits quarterly reports to 8 the trustees for each money manager. 9 Q What is the name of the outfit you're 10 describing? 11 A Richard D-A-H-A-B & Associates. 12 In addition, each money manager makes 13 at least an annual appearance before the 14 board of trustees. Performance of money 15 manager is reviewed by Mr. Dahab, and the 16 trustees will question the representatives of 17 the money manager and ask him embarrassing 18 questions, et cetera. 19 I might add one additional thing. Any 20 major change is brought immediately to the 21 attention of the board of trustees, a key 22 person will leave the money manager, the 23 person that Mr. Dahab and others think is the 24 key guy, and they will notify the trustees 25 immediately and the trustees have on occasion</p>

<p style="text-align: right;">42</p> <p>1 Hoffman 2 taken immediate action to dismiss that money 3 manager, because the reason they hired the 4 money manager is because of this gentleman 5 who has now left and gone somewhere else. 6 Q Do you attend the meetings where money 7 managers make the annual appearance before 8 the board of trustees? 9 A Yes, I do. 10 Q Do you attend all meetings of the 11 board of trustees? 12 A Yes, I do. 13 Q Do these annual appearances occur 14 seriatim, all on one day or at various time 15 during the year? 16 A All on one day. They devote the 17 entire day. Meetings are two days. First 18 day is just for money managers. The second 19 day it's called a business meeting. That is 20 twice a year. 21 Q When do those meetings take place? 22 A In June and December. 23 Q You mentioned an employee of Fox Asset 24 Management that was the Steelworkers contact 25 person. I confess that I have lost his name.</p>	<p style="text-align: right;">44</p> <p>1 Hoffman 2 Q Are minutes kept of the board of 3 trustees meetings? 4 A Minutes are kept of the business 5 meeting but not of the investment managers' 6 review. What we do is the investment 7 managers will prepare a written presentation, 8 besides an oral presentation, and we keep 9 their written presentations. 10 Q Did Fox Asset Management make a 11 written presentation in December? 12 A Yes. 13 Q Did you receive those written 14 materials? 15 A Yes. 16 Q Did they make any reference to the 17 Steelworkers investment in VEECO Instruments? 18 A No. 19 Q Did anyone from Fox Asset Management 20 appear at any other meetings of the board of 21 trustees at any point in time in the last two 22 years other than the meeting you just 23 described? 24 A Yes, they appear once a year. 25 Q So they appeared at the previous</p>
<p style="text-align: right;">43</p> <p>1 Hoffman 2 I think it was Sincowitz (phonetic)? 3 A Yes. 4 MR. STOCK: For the record, the 5 actual name is Peter 6 S-K-I-R-K-A-N-I-C-H. 7 Q Do you recall the last time 8 Mr. Skirkanic or anyone else from Fox Asset 9 Management appeared before the board of 10 trustees? 11 A Yes, about three weeks ago. 12 Q Is this in connection with the 13 December meeting you referred to earlier? 14 A Yes. 15 Q Was there any discussion of the 16 Steelworkers investment in VEECO Instruments 17 during that meeting? 18 A It was mentioned. 19 Q What was discussed? 20 A That we were participating in a class 21 action to recover some of the money that we 22 lost on VEECO investment by Fox management. 23 Q Was there anything else discussed 24 concerning that investment? 25 A None.</p>	<p style="text-align: right;">45</p> <p>1 Hoffman 2 December? 3 A Yes. 4 Q Was there any discussion of the 5 Steelworkers investment in VEECO Instruments 6 during that previous meeting which I gather 7 was probably the end of 2004? 8 A I don't remember if there were or were 9 not. 10 Q Did anyone else attend that meeting at 11 the board of trustees on behalf of Fox Asset 12 Management other than Mr. Skirkanic? 13 A Yes. He's always accompanied by 14 another gentleman whose name escapes me. 15 Q Is Mr. Skirkanic a principal of Fox 16 Asset Management? 17 A I believe so. 18 Q What is currently the Steelworkers 19 Pension Trust's largest equity investment? 20 A I don't know. 21 Q Do you know their approximate size of 22 the Steelworkers' largest equity investment? 23 A It can't be more than five percent. 24 Q Of the overall funds? 25 A Of the overall funds.</p>

1 Hoffman 2 Q Do you know if any of the current 3 investments approach the five percent level? 4 A None come close. 5 Q Do you know the approximate percent of 6 the largest investment? 7 A No. 8 Q Are any of the investments in excess 9 of one percent of the Steelworkers Pension 10 Trust overall funds? 11 A I would say yes, but I'm not 12 absolutely sure about that. The money 13 managers implicate each other in certain 14 investments. 15 Q At the end of, say, 2004 what 16 percentage of the Steelworkers' overall 17 investment funds were represented by its 18 investment of VEECO Instruments? 19 A The end of 2004? None, I believe. At 20 this time we had sold -- I really don't know. 21 I believe that it had been sold. 22 Q I'll show you some documents in a 23 minute that will hopefully refresh your 24 recollection as to the timing of certain 25 transactions with VEECO stock.	46 1 Hoffman 2 A The declaration of trust gives the 3 trustees the authority to borrow money. I 4 would say that gives them the authority to 5 buy on margin. So I think they have the 6 authority, but they have heretofore decided 7 that it would be imprudent to do that. 8 Q Do I take it from your testimony that 9 the Steelworkers Pension Trust in your memory 10 has never purchased securities on margin? 11 A Never. 12 Q Have you ever spoken to Mr. Skirknich 13 other than whatever communications you may 14 have had in connection with these board of 15 trustees meetings? 16 A I might have called him about 17 something I didn't understand in his report 18 or in Dahab's report. I don't remember 19 specifically. I do that all the time, so -- 20 or he might have called me about something. 21 Q Why would you have been calling 22 Mr. Skirknich about questions you had about 23 his report? 24 A Because when I write the minutes, 25 sometimes I will go over something that the
47 1 Hoffman 2 Does the Steelworkers Pension Trust 3 ever buy securities on margin? 4 A No. 5 Q Is the Steelworkers Pension Trust 6 restricted from buying securities on margin 7 as a result of some sort of internal bylaws? 8 A Yes. 9 Q What is the source of that 10 restriction? 11 A It will be considered a nonprudent 12 investment to buy on margin, although they're 13 allowed to borrow money, the trustees, upon 14 advice of counsel, upon review of the cases 15 has decided it's imprudent to buy on margin, 16 to borrow money to invest. 17 Q Is that decision or investment 18 philosophy memorialized in any sort of 19 written document? 20 A I don't remember. 21 Q I guess what I'm asking is, is the 22 Steelworkers Pension Trust somehow restricted 23 from investing its security on margin or 24 could they do it tomorrow if they felt like 25 it?	49 1 Hoffman 2 trustees in the business meeting have said 3 about Fox Asset Management, and if I'm not 4 clear, I'll call him. 5 I may have done that. I do that 6 frequently. Whether I specifically have done 7 it with him, I don't remember, but it's not 8 uncommon for me to do that. 9 Q How long do you keep minutes of the 10 semiannual meetings of the board of trustees? 11 A Since 1958. 12 Q Was Fox Asset Management discussed 13 during the most recent business meeting of 14 the board of trustees? 15 A Yes. 16 Q What was the substance of that 17 discussion? 18 A Well, every money manager is 19 discussed, the question being should we or 20 should we not retain them, because Dahab will 21 make a recommendation and the trustees will 22 then consider the recommendation. So each 23 meeting, a positive decision is made on each 24 money manager as whether to retain them, give 25 them more money or take some money away from

1 Hoffman 2 them, so their performance was discussed. 3 Q Are Mr. Dahab's recommendations always 4 followed? 5 A No, they're not. 6 Q You're laughing. I gather there is a 7 story behind that? 8 A No, his recommendations usually were 9 not followed all the time. I don't know what 10 his batting average is, but it's over 300, I 11 believe. 12 Q Are you implying that he is more 13 critical of the money managers in the board 14 of trustees or less critical? 15 A Much more critical. 16 Q Has he ever issued a critical report 17 of Fox Asset Management? 18 A No, not to my knowledge. 19 Q You said that you may have spoken to 20 Mr. Skirkanic at some point outside of these 21 annual meetings. 22 Do you have a specific recollection of 23 a contact with him? 24 A No, I don't. When I do speak to these 25 gentlemen, it's nothing monumental. It's	50 1 Hoffman 2 given the short time frame we have for 3 this motion, I will send you the 4 letter tomorrow. I think it was 5 probably covered by our initial 6 document request in any event. 7 REQUEST NOTED: 8 Q Do you recall approximately when the 9 Steelworkers Pension Trust received the 10 report that you're referring to? 11 A No. 12 Q Is it currently in your files, the 13 document you were referring to? 14 A Yes. 15 MR. WALLIN: Hopefully that 16 will make locating it easier. 17 Q Does the Steelworkers Pension Trust 18 ever purchase options? 19 A No -- oh, well, excuse me. The hedge 20 funds do options. 21 Q By hedge funds, you're referring to 22 Peregrine listed on Exhibit 1? 23 A I think that's the only one. 24 Q How long has Peregrine been a money 25 manager of the Steelworkers Pension Trust?
51 1 Hoffman 2 just to clear up something in their report or 3 something I don't understand which I need to 4 understand to make sensible minutes. 5 Q What is the nature of the reports that 6 the money managers provide to the board of 7 trustees? 8 A They review their performance and give 9 excuse for poor performance and pat 10 themselves on the back for good performance. 11 Q Did any of the reports provided by Fox 12 Asset Management during the last three years 13 reference the Steelworkers Pension Trust 14 investment in VEECO Instruments? 15 A It was. I don't remember exactly 16 when, but it was noted that we had lost money 17 with VEECO. 18 MR. WALLIN: I ask that that 19 document be produced. I ask that that 20 document be collected and produced as 21 soon as possible. 22 MR. STOCK: We will attempt to 23 do that, we also ask that any document 24 request be put in writing. 25 MR. WALLIN: That's fine, but	53 1 Hoffman 2 A I don't recall. 3 Q Less than five years? 4 A Yes. 5 Q How do you know that Peregrine invests 6 on options on behalf of the Steelworkers? 7 A If I'm correct that Peregrine is a 8 hedge fund, hedge fund part of their strategy 9 is to deal in options to sell short. They 10 hedge, so I assume that they do options. 11 Q I understand you're not a money 12 manager, but what is your understanding of 13 what the advantage can be for an investor 14 investing in options as opposed to just 15 purchasing securities outright? 16 A I don't know. I mean, obviously they 17 think they can make a greater return, but the 18 mechanics I'm not sure of. 19 Q Does the Steelworkers Pension Trust 20 invest in options through any money manager 21 other than Peregrine? 22 A The Steelworkers Pension Trust does 23 not invest in options other than those that 24 the hedge funds might do. 25 Q Are the non-hedge fund money managers

1 Hoffman 2 prohibited from investing in options on 3 behalf of the Steelworkers? 4 A Yes. 5 Q Is that memorialized in some sort of 6 investment management agreement for each 7 money manager? 8 A In each agreement with money managers 9 they state their investment philosophy, and 10 these do not include options. 11 Q Do you draft those agreements? 12 A I draft everything except the 13 investment philosophy of the money manager 14 which the money manager drafts. 15 Q How does the Steelworkers Pension 16 Trust select money managers? Are they 17 solicited? 18 A First the decision is made on what 19 kind of money manager, whether they want a 20 value manager, a growth manager, a bottom up, 21 top down, small or large cap. So you decide 22 the style that they're seeking or replacing 23 someone with this particular style. 24 Then Dahab will suggest perhaps six or 25 nine money managers who have that style who	54	1 Hoffman 2 particular time, and they take one or two of 3 the best performing companies in that sector. 4 For example, a bottom-up manager would 5 today look at airlines. The airline sector 6 is not doing well, and they select a couple 7 of airlines who might be making money, the 8 best of the group, to invest in those. 9 Q Am I correct that the Steelworkers 10 Pension Trust investments in VEECO 11 Instruments was, in fact, made through Fox 12 Asset Management? 13 A Yes. 14 Q Do you regard VEECO Instruments as a 15 large cap stock? 16 A No, I don't. My opinion, of course, 17 means nothing. 18 Q You're the representative of the 19 Steelworkers. That means something. 20 A I have nothing to do with investments. 21 Q Is it your understanding that Fox 22 Asset Management's investment on behalf of 23 the Steelworkers in VEECO Instruments was 24 somehow inconsistent with that money 25 managers' investment philosophy?	56
1 Hoffman 2 has good performance, and a subcommittee 3 chosen by the trustee will interview the 4 managers and cut them down to three, and 5 those three will appear before the board and 6 the board will make a decision. 7 Q Does the Steelworkers Pension Trust 8 try to have a certain number of money 9 managers retained at any one given point in 10 time? 11 A No. 12 Q Is the investment philosophy different 13 for different money managers, I gather from 14 your response? 15 A Yes. 16 Q Do you recall what the investment 17 philosophy was for Fox Asset Management? 18 A They describe themselves as a large 19 cap value, bottom-up manager. 20 Q What does that mean? 21 A Well, large cap, large capital 22 corporation. Value is that they're seeking 23 short-term increase in the price of the 24 securities they buy. Bottom-up means they 25 take a sector that's not doing well at a	55	1 Hoffman 2 A No. 3 Q Do you regard VEECO as a small cap 4 company? 5 A Well, the way we have them listed is a 6 large cap value; however, it appears -- 7 before this VEECO thing, their idea of large 8 cap wasn't the same as perhaps others. It's 9 a loose term. 10 Q Has there been any discussion, to your 11 knowledge, between the Steelworkers Pension 12 Trust and Fox Asset Management within the 13 last two years as to what Fox Asset 14 Management understood the term "large cap" to 15 mean? 16 A Not to my knowledge. 17 Q When you said that the Steelworkers 18 Pension Trust had VEECO Instruments listed, 19 as I think you said, a large cap growth 20 investment -- 21 A Not VEECO. We had Fox. 22 MR. STOCK: He also didn't say 23 growth investment. 24 MR. WALLIN: I'm sorry. 25 "Value" is what he said.	57

1 Hoffman 2 Q When you said you had them listed in 3 that manner, were you referring to some sort 4 of document? 5 A Yes, the document given to us by Rich 6 Dahab categorizes. 7 THE WITNESS: May I have a 8 break? 9 MR. WALLIN: You may certainly 10 have a break. 11 (Brief recess was taken.) 12 Q Do you know when the Steelworkers 13 first invested in VEECO Instruments? 14 A As I recall, it was sometime in 2003. 15 MR. WALLIN: Let's mark a 16 document. It will be easier to do it 17 with a document. I'm going to mark as 18 Exhibit 2 VEECO Instruments' 10-K for 19 the fiscal year ending December 31, 20 2003. 21 (Whereupon VEECO Instruments' 22 10-K form for fiscal year ending 23 December 31, 2003 was marked as 24 Exhibit 2 for identification, as of 25 this date.)	58 1 Hoffman 2 Q Why not? 3 A Because they're bottom up. They'll 4 take the sector that's not doing well, which 5 high tech wasn't during those years, and 6 select or guess among that sector who has the 7 best potential for growth. So this would be 8 right in line with their philosophy. 9 Q How would you describe the industry in 10 which VEECO Instruments operates? 11 A Well, as best I can describe it, it's 12 a high-tech support industry. It 13 manufactures or produces systems and devices 14 that other high-tech manufacturers use. 15 For example, LED's, those outfits that 16 make LED's for cell phones and various other 17 devices, VEECO provides the coding system for 18 processor device. It's the high tech within 19 the high tech, I would say. 20 Q Is it your understanding that VEECO's 21 financial performance depends in large part 22 on how successful the technologies are that 23 it's developing? 24 A I think when high technology -- when 25 that sector is doing well, they will do well.
59 1 Hoffman 2 Q Mr. Hoffman, do you recognize this 3 document as VEECO's 10-K for 2003? 4 A No. 5 Q Do you have any reason to believe that 6 it's not VEECO's 10-K for 2003? 7 A No. 8 Q Take a look, if you would, at -- it's 9 page 16 of the filing, and it's listed as 10 page 15 of 82 on the top right-hand corner. 11 A 16, are you saying? 12 Q It's page 16 of the filing, but it's 13 listed as page 15 of 82 on the top right-hand 14 corner. 15 Do you see the net income described 16 about ninety percent of the way down on this 17 particular page? 18 A Yes. 19 Q Does that indicate to you that VEECO 20 had a negative net income for the years 21 ending 2003 and 2002? 22 A Yes. 23 Q Does that indicate to you that VEECO 24 Instruments was a questionable investment? 25 A Not for Fox.	61 1 Hoffman 2 I'm no expert, but that would be my opinion, 3 that they ride and fall with the sector. 4 Q Is it your understanding that the 5 performance of VEECO stock has largely 6 tracked the overall performance of the 7 high-tech sector? 8 A Well, I think generally that has been 9 the case. 10 Q Have you become aware of any facts in 11 the last two years that have caused you to 12 believe that the technologies that VEECO most 13 heavily invested in will not prove to be 14 usable or worthwhile? 15 A No, I would believe it's the opposite. 16 As long as they remain high tech, it changes 17 every year, they will always be a good growth 18 industry. 19 Q What do you mean by a growth industry? 20 A I mean that the value of the shares 21 will grow. 22 Q Am I correct that losses during a 23 particular year are, to your understanding, 24 not particularly unusual for a growth 25 company?

1 Hoffman 2 A I believe that to be true of that 3 industry and every industry. 4 Q Do you know what the Steelworkers 5 Pension Trust's expectations were with 6 respect to appreciation of capital with 7 regard to its investment in VEECO 8 Instruments? 9 A I believe that the trustees do not 10 focus on a particular investment. They like 11 to make at least what they call their bogie, 12 which is the earnings assumption that the 13 actuary makes. 14 During these years it was about seven 15 percent, the years of 2000, 2001 2002, 2003, 16 2004. I think it's lower now, but their goal 17 is to exceed what the actuary predicts based 18 on his predictions on. As long as they make 19 more than that, they're in the good. It's 20 disastrous to make less than that. 21 Q Are you referring now to the aggregate 22 performance of all the money managers? 23 A The whole portfolio, yes. 24 Q I gather from your previous testimony 25 that the Steelworkers Pension Trust may use	62 1 Hoffman 2 that as being imprudent. 3 Q How exactly does the investment 4 philosophy differ with money managers? 5 A Well, it's their style. Generally the 6 money managers know that -- all pension 7 trustees seek to protect, retain principal 8 and yet a moderate amount of growth, six, 9 seven percent growth. 10 What differs between the money 11 managers is their style value as to growth, 12 bottom up, top down, contrarian. They 13 allege they have particular style of 14 approaching this, so the trustees expect to 15 get a diversity of style. 16 Q I take it it's not the Steelworkers 17 Pension Trust's expectation that investments 18 through certain money managers will be more 19 volatile than others? 20 A No. 21 Q Or it's not their hope? 22 A No. 23 Q What is the actual hold period for an 24 equity investment by the Steelworkers? 25 A It's pretty long. I don't know
63 1 Hoffman 2 different money managers for different 3 investment purposes; is that correct? 4 A Yes. 5 Q Are some of the money managers 6 expected to invest in riskier and potentially 7 higher investment returns than others? 8 A No, not necessarily. The 9 differentiation between equity money managers 10 is not driven by one money manager being 11 riskier than another. I'm sure if anybody 12 was considered risky, money manager would not 13 even consider it. 14 Q I wasn't intending to suggest that 15 high risk would necessarily be a bad 16 investment. A high-risk investment can be 17 high reward -- you can get a high reward 18 associated with a higher risk. 19 A Well, that's not proper for a pension 20 fund. 21 Q That is essentially what I was asking 22 you is whether any of the money managers were 23 expected to invest in higher risk and 24 potentially higher return stocks than others. 25 A No, I and the trustees would consider	65 1 Hoffman 2 exactly, but it's -- some money managers have 3 very little turnover, and it ranges from very 4 moderate turnover to -- very little turnover 5 to moderate turnover. 6 A money manager that has a lot of 7 turnover that almost borders on churning 8 would be dismissed, because you can't make 9 any money doing that. You can make a lot of 10 brokers' fees, but you don't make any money 11 for your client. 12 Q What would the average hold period be 13 for investments through money manager that 14 you describe as moderate turnover? 15 A I would say almost a year. That's 16 ruling out catastrophic, like what happened 17 with VEECO when they restated their earnings. 18 Something catastrophic like that can cause 19 them to panic and get out. You would hope 20 not, but -- or they have some inside 21 information is going to happen, they might do 22 something, but they usually hold an 23 investment until it meets the money managers' 24 expectation whether it's going to go up in 25 value. During this certain period of time

<p style="text-align: right;">66</p> <p>1 Hoffman 2 they hold it to see if their guess is good. 3 Q Am I correct that the average hold 4 period for money managers that you would 5 describe as low turnover would be in excess 6 of a year? 7 A Oh, yes. For example, Torray has held 8 investments for twenty years. 9 Q Does the board of trustees do anything 10 to monitor its investments in individual 11 stocks after they're made? 12 A Will you restate that? 13 Q Does the board of trustees do anything 14 to monitor its investment in individual 15 stocks after they're made? 16 For example, if the Steelworkers 17 Pension Trust held a comparatively large 18 investment in General Electric, would you 19 expect the board of trustees to somehow 20 monitor the financial performance of General 21 Electric while the investment was 22 outstanding? 23 A Yes. We have a heavy position in 24 stocks, five percent. Dahab will cut that 25 out perhaps orally. I don't know if he'll do</p>	<p style="text-align: right;">68</p> <p>1 Hoffman 2 that you receive on a quarterly basis? 3 A Two inches thick. 4 Q Does every member of the board of 5 trustees receive it? 6 A Yes. 7 Q I take it you receive it as well? 8 A Yes. 9 Q Is it your practice to review it when 10 you receive it? 11 A No. 12 Q Is it the practice of the board of 13 trustees to review it when they receive it? 14 A I imagine they do. I thumb through it 15 and check with the other supervisors who go 16 through it to determine whether there is 17 anything really something we should be 18 concerned about and make sure we bring it to 19 the attention. Something like that happens, 20 Dahab will do that, but I can't say I 21 religiously reviewed them. 22 Q When you say he'll do that, you mean 23 contact the board? 24 A If something catastrophic is in the 25 wind, as I mentioned before, he will</p>
<p style="text-align: right;">67</p> <p>1 Hoffman 2 it in writing and comment that you hold a lot 3 of VEECO and you better look at it; I don't 4 think it's going to do well. 5 Then they ask the money manager who 6 held it, but he will do that on occasion when 7 we get a large commitment to a particular 8 stock, but that's very infrequent. 9 MR. WALLIN: Off the record. 10 (Whereupon, a discussion was 11 held off the record.) 12 Q I believe you said that Mr. Dahab 13 provided reports to the board of trustees on 14 a quarterly basis; was that correct? 15 A Yes. 16 Q What is the nature of the reports that 17 he provides? 18 A He -- in those reports the performance 19 of each money manager will be tracked what 20 they did during that quarter, what they did 21 year to date, what they did in the last five 22 years for each money manager, and then he'll 23 do an overall how the trust did, overall for 24 that quarter. 25 Q How long is this document typically</p>	<p style="text-align: right;">69</p> <p>1 Hoffman 2 immediately bring that to the attention to 3 the board. 4 Q Do you remember the last time that he 5 brought a catastrophic event, as you 6 described it, to the board's attention? 7 A No. 8 Q Are you aware that VEECO restated its 9 earnings? 10 A Yes. 11 Q Did he bring that to the board's 12 immediate attention? 13 A I don't remember, quite frankly. 14 Q Do you regard Mr. Dahab as the person 15 responsible for monitoring the Steelworkers' 16 investments? 17 A I would cast it differently. He is 18 responsible for measuring the performance of 19 the money managers and making suggestions to 20 the trustees as to possible changes in the 21 amount of money or getting rid of the 22 manager. 23 It's the trustees who do the 24 monitoring. They make the decision, they 25 mull over the raw data that Dahab gives him.</p>

1 Hoffman 2 He's primarily a measurer. 3 Q How is Fox Asset Management performed 4 for the Steelworkers Pension Trust as 5 compared to the trust's other investment 6 advisors? 7 A It's been acceptable. They're still 8 around. 9 Q Will you describe them as a top 10 performer? 11 A No. It's hard to describe anybody 12 today as a top performer. 13 Q By top performer, I mean top performer 14 as compared to the other money managers. 15 A They are not top. I don't know who 16 is, but I'm pretty sure it's not Fox. 17 Q Would you describe them as middle of 18 the pack? 19 A I would describe them as being 20 satisfactory performing. 21 Q You said that before. I'm trying to 22 understand what that means in terms of how 23 they compared to the other money managers. 24 A It means that their performance 25 measured against certain universes has been	70 1 Hoffman 2 Q Were you aware prior to that time that 3 the Steelworkers Pension Trust had an 4 investment in VEECO Instruments? 5 A Probably not. 6 Q How many different companies does Fox 7 Asset Management invest in on behalf of the 8 Steelworkers Pension Trust at any given 9 point? 10 A I have no idea. I don't know. 11 Q Could you even give me a ballpark 12 estimate? 13 A I would say that they would have, at 14 most, twenty names. 15 Q Is that a typical number of 16 investments for one of the funds' money 17 managers? 18 A Yes. 19 Q How did you first learn about the 20 restatement? 21 A It was brought to our attention by, I 22 believe, Dahab. 23 Q When was it brought to your attention 24 by Mr. Dahab? 25 A As I recall, it was shortly after it
71 1 Hoffman 2 superior. They do better than the S&P. They 3 do better than some other vehicles. That's 4 what we're paying them for. 5 If the money manager doesn't do better 6 than the S&P, then we're wasting money. We 7 get rid of them. So when I say their 8 performance is satisfactory, it is they're 9 out-performing on a long-term basis the 10 various universes against which you measure 11 performance. 12 Q Do you make any attempt to personally 13 monitor the trust investments other than 14 attending board meetings and whatever review 15 you do of Mr. Dahab's reports? 16 A No. 17 Q Do you ever consult with individual 18 board members about particular investments? 19 A No. 20 Q When did you first hear of a company 21 called VEECO Instruments? 22 A I think it was earlier this year when 23 they restated, they announced a restatement 24 of earnings. It was brought up as a danger 25 sign.	71 1 Hoffman 2 was announced. 3 Q Did he call you on the phone? 4 A I don't know if he called me or 5 somebody. I don't think he called me 6 directly. He might have made it known to the 7 chairman or some of the trustees or to 8 another -- we also have what we call a 9 pension monitor who acts as sort of an 10 advisor. Howard K-L-U-T-T-Z, he works for 11 Oppenheimer. He might have brought it to 12 Mr. Kluttz's attention or brought it to the 13 chairman's attention. 14 Q How did you hear about it? 15 A I don't remember exactly. 16 Q Can you explain for me what 17 Mr. Kluttz's exact role is for the 18 Steelworkers? 19 A He helps the trustees interview 20 potential money managers. Although he's not 21 engaged as a measurer, he and his staff also 22 measure performance and report to the 23 trustees, but his general function with the 24 trustees is in the selection of money 25 managers.

<p style="text-align: right;">74</p> <p>1 Hoffman 2 Q How long has he served in that 3 capacity for the Steelworkers? 4 A Thirty years. 5 Q When you say that he measures 6 performance with respect to the Steelworkers 7 investments, do you mean he makes some sort 8 of regular report to the board similar to 9 Mr. Dahab's report? 10 A He makes a report, not as detailed, 11 but similar to Mr. Dahab. 12 Q Does he make these reports on a 13 quarterly basis as well? 14 A No -- wait a minute. I don't know. I 15 know he makes them at the meetings, but I 16 don't believe he makes it quarterly as 17 Mr. Dahab does. 18 Q Are these oral or written reports? 19 A He has all kinds of written documents 20 he presents. 21 Q Does he provide those written 22 documents to the board members during these 23 meetings? 24 A Usually, yes. Sometimes he'll have a 25 PowerPoint presentation. Sometimes he will</p>	<p style="text-align: right;">76</p> <p>1 Hoffman 2 A Yes. 3 Q How far back in your file do you 4 maintain Mr. Kluttz's reports and Mr. Dahab's 5 reports? 6 A We should have all of them. Now, 7 remember I said I don't deciduously retain 8 Mr. Kluttz's measuring reports because that's 9 not really his job, and I'm not sure why he 10 does it. We focus on Mr. Dahab who is paid 11 to do it. His expertise is in that area. 12 Q Is there some central file at the 13 Steelworkers offices where these reports are 14 collected or maintained? 15 A I sure hope so, yes. 16 Q Do you know what file that is? 17 A We have an imaging system. 18 Q Who is responsible for maintaining 19 that imaging system and putting documents on 20 it? 21 A I am. I mean, I supervise. I 22 don't -- accounting does the accounting 23 stuff, various departments -- 24 Q I was merely trying to find out who 25 has responsibility for maintaining whatever</p>
<p style="text-align: right;">75</p> <p>1 Hoffman 2 have that. 3 Q Do you receive copies of whatever 4 documents he provides to the board? 5 A Probably. I don't gather those 6 deciduously as Mr. Dahab, but I think 7 generally we will file his reports, but we're 8 not as concerned with his reports as we are 9 with Mr. Dahab's reports. 10 Q What is the purpose of having 11 Mr. Kluttz measure performance in addition to 12 Mr. Dahab? 13 A He just does it on his own. 14 Q I assume he must be compensated? 15 A Not for that, no. 16 Q Perhaps I should give him a call. 17 Do you know whether any of 18 Mr. Kluttz's reports over the last two to 19 three years refer to the Steelworkers' 20 investment in VEECO Instruments? 21 A No. I'm sure it's listed as an 22 investment, but anything more than that I 23 couldn't tell you. 24 Q Do you keep those reports in your file 25 as well?</p>	<p style="text-align: right;">77</p> <p>1 Hoffman 2 reports you receive from Mr. Kluttz and 3 Mr. Dahab. 4 A Mr. Dahab's reports are the 5 responsibility of the accounting department. 6 I don't know who images -- is responsible for 7 imaging Mr. Kluttz's reports. I don't know 8 if they are images, because they are not 9 really official reports. 10 Q Is it your practice to review the 11 public filings of companies in which the 12 Steelworkers invest? 13 A No. 14 Q Is it the board's practice to review 15 filings of the company in which the 16 Steelworkers invest? 17 A No. 18 Q Do the Steelworkers make an attempt to 19 invest more heavily in certain types of 20 industries than others? 21 A No. 22 Q Is any weighting towards specific 23 industries largely to the discretion of the 24 money managers? 25 A Yes.</p>

<p>1 Hoffman</p> <p>2 Q Is the Steelworkers Pension Trust</p> <p>3 currently invested more heavily in certain</p> <p>4 industries than others?</p> <p>5 A No.</p> <p>6 Q I believe you referred earlier to</p> <p>7 VEECO as a high-tech company, correct?</p> <p>8 A That's how I would consider it.</p> <p>9 Q Are the funds' investments through Fox</p> <p>10 Asset Management largely investments in</p> <p>11 high-tech companies?</p> <p>12 A No.</p> <p>13 Q , Do you know what other companies Fox</p> <p>14 Asset Management has invested in on behalf of</p> <p>15 the Steelworkers Pension Trust other than</p> <p>16 VEECO in the last two years?</p> <p>17 A Not offhand.</p> <p>18 Q Have you ever met anyone who worked</p> <p>19 for VEECO Instruments?</p> <p>20 A No.</p> <p>21 Q Do you know if anyone at the</p> <p>22 Steelworkers Pension Trust has ever</p> <p>23 communicated directly with anyone employed by</p> <p>24 VEECO Instruments?</p> <p>25 A Would you restate that?</p>	<p>78</p> <p>1 Hoffman</p> <p>2 A I don't know. I don't believe so.</p> <p>3 Q Do you know whether any requests were</p> <p>4 made of Fox Asset Management to assess the</p> <p>5 financial condition of VEECO Instruments</p> <p>6 following the announcement that it planned to</p> <p>7 restate earnings?</p> <p>8 A Request by whom?</p> <p>9 Q Anyone affiliated with the</p> <p>10 Steelworkers.</p> <p>11 A No. It would have been improper for</p> <p>12 anyone affiliated with the Steelworkers to</p> <p>13 make such a request.</p> <p>14 Q Why would it have been improper?</p> <p>15 A Because we don't interfere in their</p> <p>16 investment decisions. Only to the extent</p> <p>17 that if we don't like them, we file it, but</p> <p>18 we don't tell them to get out of a stock or</p> <p>19 get into a stock. We don't do that.</p> <p>20 Q Has that ever happened, to your</p> <p>21 knowledge?</p> <p>22 A Never.</p> <p>23 Q Do the money managers ever discuss</p> <p>24 investment decisions that they plan to make</p> <p>25 on behalf of the Steelworkers prior to</p>
<p>79</p> <p>1 Hoffman</p> <p>2 Q Do you know whether anyone at the</p> <p>3 Steelworkers Pension Trust has ever</p> <p>4 communicated directly, either in writing or</p> <p>5 orally, with anyone employed by VEECO</p> <p>6 Instruments?</p> <p>7 A No. I don't know.</p> <p>8 Q Has the Steelworkers Pension Trust</p> <p>9 ever done any sort of business with VEECO</p> <p>10 Instruments, to your knowledge?</p> <p>11 A Not to my knowledge.</p> <p>12 Q When you learned that VEECO had</p> <p>13 announced that it was going to restate</p> <p>14 earnings, did you make any effort at that</p> <p>15 point in time to ascertain what, if anything</p> <p>16 -- strike that question.</p> <p>17 When you learned that VEECO</p> <p>18 Instruments planned to restate certain of its</p> <p>19 financial statements, did you make any</p> <p>20 attempt to personally assess the financial</p> <p>21 condition of VEECO Instruments at that time?</p> <p>22 A No.</p> <p>23 Q Do you know whether the board of</p> <p>24 trustees undertook any such investigation of</p> <p>25 the financial condition of VEECO?</p>	<p>81</p> <p>1 Hoffman</p> <p>2 executing those decisions?</p> <p>3 A They do not discuss specific</p> <p>4 investments with the trustees when they meet</p> <p>5 with the trustees. They may state that we're</p> <p>6 looking for multinationals or we're looking</p> <p>7 for Heartland industries or something like</p> <p>8 that, but they will never discuss that we are</p> <p>9 looking into XYZ Corporation.</p> <p>10 Q I take it, likewise, they will never</p> <p>11 inform the Steelworkers that they plan to</p> <p>12 liquidate a specific position before they</p> <p>13 actually do so?</p> <p>14 A No, they don't.</p> <p>15 Q Did you ever personally discuss with</p> <p>16 any members of the Steelworkers board of</p> <p>17 trustees the fact that VEECO had restated its</p> <p>18 earnings?</p> <p>19 A I might have, in a routine</p> <p>20 conversation with one of the trustees about</p> <p>21 another subject matter, mentioned that I know</p> <p>22 we hold VEECO and they're restating their</p> <p>23 earnings. There goes their stock. I might</p> <p>24 have said that.</p> <p>25 Q Are you referring to a specific</p>

1 Hoffman 2 conversation? 3 A No, I might have. When we learn of 4 these things, we assume that the stock is 5 going down the tubes. 6 Q Do you know whether VEECO stock has, 7 in fact, gone down the tubes? 8 A I know when they announced that they 9 might restate, I'm pretty sure the stock 10 dropped, which is not surprising. I would 11 expect it to drop. 12 Q Do you know how much it dropped? 13 A No, not specifically. 14 Q Do you have a general recollection of 15 having a conversation with a specific board 16 member about VEECO restating its earnings? 17 A I have a general recollection 18 discussing VEECO with people. Whether they 19 were trustees or other employees or the 20 chairman or Mr. Kluttz, or Mr. Dahab with 21 whom I converse regularly -- and this didn't 22 happen only with VEECO but in other instances 23 things have happened, change in management -- 24 we always discuss: Well, I wonder what the 25 money manager will do, because I'm pretty	82	1 Hoffman 2 sometimes the stock will go down much farther 3 than it should. When people hear bad news, 4 they panic. 5 Q Does that mean in those situations 6 that it's advisable to hold on to a stock if 7 the market has reacted irrationally? 8 A If everybody is panicking and you're 9 calm, maybe there is something wrong with 10 you. It's very difficult to do, when there 11 is a panic to sell, you stand by and do 12 nothing because you're going to go down. To 13 me it's just a problem. I, as an individual, 14 will panic along with everybody else, so -- 15 Q I take it you have never personally 16 invested in VEECO Instruments? 17 A No, I don't think so. 18 Q Do you know the period for which VEECO 19 restated its financial statements? 20 A As I believe, I think it was the first 21 three quarters of 2004. 22 Q Do you know whether VEECO restated any 23 of its year-end financial statements? 24 A I'm not sure I understand your 25 question.	84
1 Hoffman 2 sure that stock is going to drop. 3 Q What I'm asking is do you recall 4 specific persons with whom you discussed 5 VEECO Instruments? 6 A No, I don't recall anyone specific. 7 Q Do you recall approximately how many 8 conversations regarding VEECO you may have 9 had? 10 A Several at that time period, general 11 discussion of this subject. 12 Q Do you recall the substance of those 13 discussions other than merely reciting the 14 fact that the company had restated its 15 earnings? 16 A Well, we're usually -- in my world, 17 I'm not a securities expert -- is that people 18 who buy stock are very fickle and you're 19 rational, in my opinion, and upon the 20 slightest negative news they will hope for 21 the best and make damn sure that the stock 22 goes down by panic selling. 23 That's one of my veins, is that the 24 stock market is very irrational. Sometimes 25 it turns out to be a correct move, but	83	1 Hoffman 2 You stated that they restated their 3 financial statements for the first three 4 quarters of 2004. I'm asking whether you 5 know if they restated their previously filed 6 10-K. 7 A I didn't hear. 8 Q I'm asking if you know whether VEECO 9 restated any of its previously filed year end 10 10-K's. 11 A Prior to 2004? 12 Q At any point in time. 13 A Not to my knowledge. 14 Q Have you read the consolidated amended 15 class action complaint that your counsel 16 filed in this action? 17 A Unfortunately, I have. Are you going 18 to ask me if I remember what I read? 19 MR. STOCK: Just answer the 20 questions. 21 Q Did you read the entire document? 22 A Yes. 23 Q Did you read it before it was filed? 24 A Yes, they sent it to me for signature. 25 Q Approximately how much time did you	85

1 Hoffman 2 spend reviewing the complaint? 3 A It seemed like an eternity, but I read 4 the complaint. I don't profess to be an 5 expert in this field of litigation. I read 6 the complaint. It looked all right to me. 7 There is nothing obviously wrong about it or 8 false. The factual statements were correct, 9 so I signed it. 10 Q Other than the fact that VEECO 11 restated its financial statements for the 12 first three quarters of 2004, were you aware 13 of any of the substantive matters alleged in 14 the complaint prior to reading it? 15 MR. STOCK: Object to form. 16 Does that include the 17 investment made by Steelworkers 18 Pension Trust? 19 MR. WALLIN: No. You can 20 excise that from the question as well. 21 THE WITNESS: Restate your 22 question. 23 Q Other than the fact that the 24 Steelworkers invested in VEECO and the fact 25 that VEECO restated its financial statements	86 1 Hoffman 2 MR. WALLIN: Let's take a 3 five-minute break. 4 (Whereupon, a brief recess was 5 taken.) 6 Q Mr. Hoffman, can you describe in your 7 own words plaintiff's current claims against 8 VEECO Instruments and the individual 9 defendants? 10 A VEECO during the period in question 11 overstated its earnings and just briefly 12 overstated its earnings fraudulently and 13 deliberately to preserve value of its shares, 14 and then when the truth was known that the 15 earnings were fraudulently overstated 16 deliberately, investors investing in the 17 stock, the true facts became known, the stock 18 fell, and investors lost money because of the 19 misbehavior of the principals in the company. 20 Q When do you understand that the true 21 facts first became known? 22 A Early in 2005. 23 Q Are you referring to VEECO's 24 announcement that it was going to conduct an 25 internal investigation?
87 1 Hoffman 2 for the first three quarters of 2004, were 3 you aware of any of the other substantive 4 matters alleged in the complaint that you 5 reviewed prior to you reviewing it? 6 A Yes, only because of my previous many 7 conversations with Ms. Parker. 8 Q What substantive matters were you made 9 aware of? 10 MR. STOCK: I direct you not to 11 answer if you're talking about 12 conversations between yourself and 13 your attorney. That would be 14 privileged conversation. 15 Q Can you answer that question without 16 disclosing privileged communications? 17 A I know I only -- my knowledge as to 18 why they had to restate their earnings comes 19 through Miss Parker. I don't have an 20 independent source of that. We discussed 21 that, and she explained to me why they 22 restated their earnings -- 23 MR. STOCK: I direct you not to 24 answer further. We're getting into 25 privilege here.	89 1 Hoffman 2 A Yes, when it became known when they 3 were going to restate their earnings shortly 4 or after it became known that there was 5 some -- 6 MR. WALLIN: I ask you to take 7 a look at a document that I'm going to 8 mark as Exhibit 3 which is a 9 February 11, 2005 press release that 10 was filed by VEECO Instruments on form 11 8-K. 12 (Whereupon a press release 13 dated February 11, 2005 filed by VEECO 14 Instruments was marked as Exhibit 3 15 for identification, as of this date.) 16 Q Is this the press release you were 17 referring to in your testimony a minute ago, 18 Mr. Hoffman? 19 A Say that again. 20 Q Is this the press release you were 21 referring in your testimony a moment ago? 22 A It looks familiar. 23 Q When you say that VEECO overstated its 24 earnings, are you referring to the 10Q's that 25 were filed for the first three quarters of

1 Hoffman 2 2004? 3 A Yes. 4 Q What is the basis for your 5 understanding that these earnings for the 6 first three quarters of 2004 were overstated 7 fraudulently and deliberately? 8 A Because they fraudulently say that in 9 this press release, improper entries. 10 Q And this press release indicates to 11 you that all members of VEECO management were 12 aware of improper accounting entries? 13 A It certainly means that to me, yes. 14 Q Which specific line in the press 15 release are you indicating that indicates 16 that to you? 17 A Commenting on the accounting review, 18 Edward H. Brown, chairman and CEO of VEECO, 19 said, "Errors and improper entries were 20 uncovered by VEECO's internal audit staff and 21 were limited to a single VEECO business unit, 22 TurboDisc, which was acquired in 23 November 2003." 24 That says to me that there was fraud. 25 I think that's a polite -- well, I think the	90 1 Hoffman 2 was issued? 3 A Well, I certainly read them after the 4 press release was issued. 5 Q That's what I meant. Shortly 6 thereafter? 7 A Yes. 8 Q Can you describe for me your 9 understanding of Mr. Weiss' participation in 10 the alleged fraud? 11 A As far as I can remember, Weiss was 12 the gentleman who was in charge of foreign 13 sales, and some product that this TurboDisc 14 had made was sold to some Chinese outfit for 15 like \$10 million, and there was an 16 understanding or an agreement that VEECO 17 wasn't to book the sale or take credit for 18 the 10 or so million dollars until the 19 product was delivered and accepted by the 20 customer. But Mr. Weiss engaged in some kind 21 of hanky-panky so they were -- so they went 22 ahead and booked the proceeds of the sale 23 before they were supposed to. Mr. Weiss was 24 the one who was able to do that. 25 Q You're saying that based on his
91 1 Hoffman 2 company, of course, tried to underestimate their 3 formality of the act and didn't do a very 4 good job of it in this press release. I 5 mean, it's a signal to anyone that there is 6 some very serious improprieties. 7 Q What is your basis for believing that 8 the alleged overstatements of revenue in the 9 first three quarters of 2004 were made 10 fraudulently and deliberately other than the 11 fact that the financial statements for this 12 period were restated? 13 MR. STOCK: Objection. Asked 14 and answered. 15 A From what I read in the newspaper, the 16 statements by the company officers, I think, 17 signaled to me and everybody else that there 18 was something going on there that was highly 19 improper, but I didn't know the details of it 20 until Miss Parker related same to me. 21 Q What newspaper articles are you 22 referring to? 23 A What is stated in this release. 24 Q Did you read those newspaper articles 25 on or around the time that this press release	93 1 Hoffman 2 position within the company? 3 A No, that's what I heard. 4 Q Are you aware there was briefing that 5 was submitted to the court in this action to 6 determine who would be named the lead 7 plaintiff? 8 A I'm aware that an effort was made, 9 yes. 10 Q Are you aware that your counsel 11 submitted documents to the court in 12 connection with the Steelworkers' efforts to 13 be named lead plaintiff? 14 MR. WALLIN: Let's mark this as 15 Exhibit 4. This is a filing in the 16 Eastern District of New York. This 17 filing is now part of the record in 18 the Southern District of New York. It 19 is titled, "The Steelworkers Pension 20 Trust's Reply Memorandum of Law in 21 Further Support of Its Motion for 22 Appointment As Lead Plaintiff and In 23 Opposition To The Competing Motions 24 Filed by Ratan LalChandani and 25 NECA-IBEW Pension Fund (The Decatur

1 Hoffman 2 Plan)." (Whereupon a reply memorandum 3 of law by Steelworkers Pension Trust 4 was marked as Exhibit 4 for 5 identification, as of this date.) 6 MR. WALLIN: I also ask you to 7 look at a document, of another brief 8 that was filed relating to another 9 issue of who would be named as lead 10 plaintiff. This will be marked as 11 Exhibit 5. 12 (Whereupon a brief was marked 13 as Exhibit 5 for identification, as of 14 this date.) 15 MR. WALLIN: It is not 16 necessary that he read them in their 17 entirety. 18 Q If you can look at Exhibit 5, 19 Mr. Hoffman, on page 2, just under the 20 heading, "Nature Of The Action." 21 A Yes, I have it. 22 Q You will see that the first sentence 23 states that, "This federal class action on 24 behalf of purchasers" -- it may be a typo --	94 1 Hoffman 2 that's the date that VEECO filed its 10-K for 3 the first quarter of 2004. 4 A No. 5 Q Do you know what the significance is 6 of the date February 10, 2005? 7 A No. I guess that's when the 8 restatement of the earnings -- 9 Q If you look back at Exhibit 3, is it 10 correct that February 10, 2005 is the date 11 before VEECO announced that it was conducting 12 an internal investigation? 13 A Yes. 14 Q I believe you testified earlier that 15 it was your understanding that the truth 16 began to be known about VEECO on February 11, 17 2005? 18 A That's my understanding, yes. 19 Q What is the date of the first 20 statement made by VEECO that you allege was 21 false and misleading? 22 A Pardon? 23 Q What is the date of the first 24 statement made by VEECO that you allege was 25 false and misleading?
95 1 Hoffman 2 "of the purchasers of the publicly traded 3 stock of VEECO between April 26, 2004 and 4 February 10, 2005," and then it says, 5 "inclusive (the class period)." 6 You referred in a number of your 7 answers to the period in question. Is the 8 period that you refer to in your answer 9 April 26, 2004 to February 10, 2005? 10 A I'm not certain of the date. I'm 11 referring to the class period. 12 Q I'm asking whether it's your 13 understanding that the current class period 14 is from April 26, 2004 to February 10, 2005. 15 MR. STOCK: Objection. Asked 16 and answered. 17 A Yes. 18 MR. STOCK: He said he wasn't 19 certain. 20 Q Do you know what the significance is 21 of April 26, 2004? 22 A No, other than you had to buy the 23 stock after that date, but that is about all 24 I would know. 25 Q I'm asking you whether you recognize	97 1 Hoffman 2 MR. STOCK: If you're referring 3 to the complaint, why's don't you show 4 it to the witness? 5 MR. WALLIN: I'll show him the 6 complaint in a minute. 7 A Say that again. 8 Q What is the date of the first 9 statement made by VEECO that you allege was 10 false and misleading? 11 A I don't think it was a statement. The 12 fact that they -- statement in the normal 13 sense of the word is when they were booking 14 earnings they shouldn't have booked and when 15 they were valuing inventory that had no 16 value. That was the fraudulent act. 17 Q I'm asking you whether you're aware of 18 any false statements made by VEECO. 19 A I consider that was a statement. 20 Q I understand that. I'm asking whether 21 you're aware of any public filings by VEECO 22 that were false and misleading prior to the 23 filing of the original 10-K for the first 24 quarter of 2004. 25 A No, I'm not aware.

<p style="text-align: right;">98</p> <p>1 Hoffman 2 MR. WALLIN: I'm going to mark 3 as Exhibit 6 a press release dated 4 November 3, 2003 filed on Form 8-K 5 announcing VEECO's acquisition of 6 import Turbodisc business. Let's mark 7 that as Exhibit 6. 8 (Whereupon a press release 9 dated November 3, 2003 was marked as 10 Exhibit 6 for identification, as of 11 this date.) 12 MR. WALLIN: As Exhibit 7, I'm 13 going to mark the transcript of a 14 conference call on that same day, 15 November 3, 2003. 16 (Whereupon a transcript of a 17 conference call on November 3, 2003 18 was marked as Exhibit 7 for 19 identification, as of this date.) 20 Q Do you recognize the document marked 21 as Exhibit 6? 22 A I never saw it before. 23 Q I take it you don't recognize 24 Exhibit 7, either? 25 A No.</p>	<p style="text-align: right;">100</p> <p>1 Hoffman 2 requesting time to read it today. 3 MR. WALLIN: This is a matter 4 of dispute. I'm able to give 5 Mr. Hoffman time to review this and 6 see if he can point out any false or 7 misleading statements in the document. 8 THE WITNESS: I beg your 9 pardon? 10 Q Let me be very clear. If you were to 11 take time to review this entire document, 12 would you be able to identify any false and 13 misleading statements in it? 14 A Probably not. 15 Q And you never saw this document? 16 A I never saw it. 17 Q I take it you did have an opportunity 18 to review Exhibit 6 which is just a two-page 19 press release? 20 A Yes, here today. 21 Q You're not aware of any false and 22 misleading statements in that document? 23 A No, I'm not. 24 Q Looking back at what I believe we 25 marked as Exhibit 2, which is form 10-K for</p>
<p style="text-align: right;">99</p> <p>1 Hoffman 2 Q Do you know whether the Steelworkers 3 held any VEECO stock as of November 3, 2003? 4 A No, I don't. 5 Q Do you recall ever learning at any 6 point in time during 2003 or 2004 that VEECO 7 had purchased a business unit called 8 TurboDisc from another company called Emcore? 9 A No. 10 Q Are you aware of any false and 11 misleading statements contained in Exhibit 6? 12 A Since I'm not familiar with Exhibit 6, 13 I can't answer that. 14 Q Are you aware of any false or 15 misleading statements in Exhibit 7? 16 A Since I've never seen it before, I 17 can't answer that. 18 Q I take it you were not listening in on 19 this conference call? 20 A No, I wasn't. 21 MR. STOCK: Note that Exhibit 7 22 is about eight pages in very small 23 type and it has a lot of different 24 statements in it, and he did not have 25 enough time to read it today, nor am I</p>	<p style="text-align: right;">101</p> <p>1 Hoffman 2 December 31, 2003, I appreciate it's a long 3 document and I'm not going to ask you to 4 review it all. 5 Sitting here today, are you able to 6 define any false and misleading statements in 7 that document? 8 A No, I can't. 9 MR. WALLIN: Let's mark as 10 Exhibit 8 the consolidated amended 11 class action claim in this action. 12 (Whereupon consolidated amended 13 class action claim was marked as 14 Exhibit 8 for identification, as of 15 this date.) 16 Q Is this the complaint that you 17 reviewed previously that you referred to? 18 A I can't hear you. 19 Q You referred earlier to reviewing a 20 complaint before it was filed. Was it a 21 final or near final version of the document 22 that you have in your hand now? 23 A Yes. 24 Q I direct your attention to the first 25 paragraph of the complaint just under the</p>

<p>1 Hoffman 2 section titled, "Nature Of The Action." Do 3 you see there in the first paragraph that it 4 refers to a federal class action on behalf of 5 purchasers of the securities of VEECO between 6 November 3, 2003 and February 10, 2005? 7 A Yes. 8 Q Look back, if you would, at Exhibit 5, 9 page 2. 10 A Okay. 11 Q You'll see on page 2, as we discussed 12 previously, on page 2 of Exhibit 5 there is a 13 reference to a class period of April 26, 2004 14 to February 10, 2005. 15 A Yes. 16 Q In Exhibit 8 there is a different 17 proposed class period from November 3, 2003 18 to February 10, 2005? 19 A Yes. 20 Q Do you know why plaintiffs are 21 currently asserting an action on behalf of 22 purchasers between November 3, 2003 and 23 February 10, 2005 as opposed to an action on 24 behalf of purchasers of VEECO stock between 25 April 26, 2004 and February 10, 2005?</p>	<p>1 Hoffman 2 SPT 10. It's a document entitled, 3 "VEECO Instruments, Inc. Certification 4 Pursuant To The Federal Securities 5 Laws." 6 (Whereupon a document bearing 7 production numbers SPT 09 through SPT 8 10 was marked as Exhibit 9 for 9 identification, as of this date.) 10 MR. WALLIN: And then let's 11 mark as Exhibit 10 an amended 12 certification pursuant to the federal 13 securities laws, SPT 11 through SPT 14 12. 15 (Whereupon a document bearing 16 production numbers SPT 11 through SPT 17 12 was marked as Exhibit 10 for 18 identification, as of this date.) 19 Q Look at Exhibit 9 first. 20 First of all, what is your 21 understanding of what this document is? 22 A As I recall, this was a filing that 23 said that -- essentially that Steelworkers 24 Pension Trust lost money and we're willing to 25 serve as lead.</p>
<p>103</p> <p>1 Hoffman 2 A That was one of the things I did 3 notice when I read the complaint, one of the 4 few things that I remember. I remember 5 asking Phyllis about that -- 6 MR. STOCK: I direct you not to 7 discuss your conversation with your 8 attorney. 9 If you have an understanding 10 now, you can answer the question. 11 THE WITNESS: My understanding 12 is that Fox made two purchases and one 13 they made money on, so it was the 14 second purchase where we lost money, a 15 set-off or something, something like 16 that. 17 I was just curious as to why 18 the difference. It doesn't have a 19 regular significance to me, but I was 20 just curious what the difference was, 21 one of the few things I remember. 22 MR. WALLIN: Maybe we can look 23 at the certifications. 24 Let's mark as Exhibit 9 a 25 document Bates stamped SPT 09 through</p>	<p>105</p> <p>1 Hoffman 2 Q Is that your signature on the second 3 page? Yes, it is? 4 A This signature? It was signed by my 5 assistant. 6 Q It's on your behalf? 7 A On my authorization. 8 Q You reviewed this document and 9 authorized someone to sign on your behalf? 10 A Yes. I was away at the time and she 11 read me the document and I said, "Yes," it's 12 okay to sign. 13 Q Look at Exhibit 10, if you would. 14 A Yes. 15 Q First of all, is that your signature 16 on the second page of this document? 17 A Yes. 18 Q Do you understand why it was necessary 19 to file an amended certification? 20 A No. I don't remember. I probably did 21 at the time. I don't remember why. 22 Q Do you understand that one of the 23 purposes of these certifications is to 24 disclose purchasers of VEECO stock by the 25 Steelworkers?</p>

<p style="text-align: right;">106</p> <p>1 Hoffman 2 A Yes. 3 Q If you could compare paragraph 4 in 4 Exhibit 9 and paragraph 4 in Exhibit 10, 5 you'll see that Exhibit 10 reflects the sale 6 of 40,000 shares of VEECO stock on January 6, 7 2004 and Exhibit 9 does not; is that correct? 8 A Correct. 9 Q Is that sale on January 6, 2004 the 10 sale that you were referring to a couple of 11 minutes ago that was made prior to April 26, 12 2004? 13 A It was the sale of stock purchased 14 before that date, yes. 15 Q You referred to some transaction 16 before April 26, 2004 was one of the reasons 17 why the class period is different? 18 A Yes. 19 Q I'm asking you if you were referring 20 to this transaction. 21 A Yes. 22 MR. WALLIN: Let's mark this as 23 Exhibit 11. These are additional 24 documents produced by your counsel in 25 this action Bates stamped SPT 03</p>	<p style="text-align: right;">108</p> <p>1 Hoffman 2 A It was State Street and later 3 Deutsche, and now it is CoAmerica. They 4 straddle this period, I think. No, Deutsche 5 was purchased by State Street. It was 6 Deutsche, State Street or something like 7 that. 8 Q I don't think it's critical for these 9 purposes. 10 A These look to me like statements from 11 the custodian that we obtained and supplied 12 to our attorney. 13 Q Are these statements that the 14 Steelworkers will receive on a monthly basis? 15 A We receive statements every day on 16 their web site. We can access by computer. 17 9:30 every day we're updated on exactly what 18 we hold and what amounts. 19 Q Take a look at page SPT 06 which 20 appears to be one of the pages of the 21 statements from State Street. I think it 22 would also be easier for you if you have 23 Exhibit 10 in front of you at the same time. 24 I want to confirm that the 25 transactions referred to in these account</p>
<p style="text-align: right;">107</p> <p>1 Hoffman 2 through 08. It appears to be an 3 account statement or a series of 4 account statements. 5 I'm happy to leave them 6 attached as one exhibit unless your 7 counsel would prefer to separate them 8 into different exhibits. 9 MR. STOCK: That's fine at this 10 point. 11 (Whereupon a document bearing 12 production numbers SPT 03 through SPT 13 08 was marked as Exhibit 11 for 14 identification, as of this date.) 15 THE WITNESS: Yes. 16 Q Do you recognize the documents that I 17 just handed you and marked as Exhibit 11? 18 A What I recognize is these are 19 statements from the custodian about these 20 trades. 21 Q Who are you referring to by the 22 custodian? 23 A The bank that holds our -- the actual 24 custodian of the securities. 25 Q What bank is that?</p>	<p style="text-align: right;">109</p> <p>1 Hoffman 2 statements are the same ones that are 3 referred to in the certification. 4 A What statements should I look at? 5 Q I was suggesting it would be easier 6 for you if you have the two documents in 7 front of you. 8 A I do. 9 Q Exhibit 10, I think you probably 10 remember, refers to the sale of 40,000 shares 11 of VEECO stock on January 6, 2004. 12 A Yes. 13 Q On page SPT 06, Exhibit 11, there 14 appears to be a reference to the sale of 15 40,000 shares on January 6, 2004. 16 Is this sale in this account statement 17 the same transaction that is referred to in 18 paragraph 4 of Exhibit 10? 19 A I can't find page 06. 20 MR. WALLIN: Off the record. 21 (Whereupon, a discussion was 22 held off the record.) 23 THE WITNESS: What is the 24 question? 25 Q Whether the transaction referred to</p>

110	112
<p>1 Hoffman 2 here in the first row of Exhibit 11 on page 3 SPT 06, the sale of 40,000 shares; do you see 4 that? 5 A Yes. 6 Q Is that the same transaction referred 7 to in paragraph 4 of Exhibit 10? 8 A It certainly appears to be, yes. 9 Q Am I correct that this document 10 reflects receipt of proceeds by the 11 Steelworkers Pension Trust of \$1,255,197? 12 A And 17 cents, yes. 13 Q I guess that's after fees of \$59 or 14 \$58.93? 15 A Yes. 16 Q Look at Steelworkers Pension Trust, 17 07. 18 A The next page? 19 Q Yes, the next page. 20 A Yes. 21 Q This appears to reflect the purchase 22 of two blocks of VEECO shares, one on May 19, 23 2004 and one on May 20, 2004 with the first 24 block being 6,675 shares and the second block 25 being 33,325 shares; is that correct?</p>	<p>1 Hoffman 2 \$1,255,197.17 and an investment cost of 3 \$941,595.11? 4 A Yes. 5 Q Both transactions were for aggregate 6 blocks of 40,000 shares? 7 A Yes. 8 Q Are you aware of any other 9 transactions in VEECO stock during the period 10 from November 3, 2003 through February 10, 11 2005 by the Steelworkers? 12 A Yes. We bought some stock that we 13 lost money on. 14 Q I'll ask it again. 15 Are you aware of any other purchases 16 or sales by the Steelworkers of VEECO stock 17 between November 3, 2003 and February 10, 18 2005 other than the transactions listed on 19 Exhibit 10? 20 A No. 21 Q The 40,000 shares that are listed as 22 being purchased here in May of 2004 -- again, 23 I'm referring back to Exhibit 11 -- did the 24 Steelworkers continue to hold those shares as 25 of February 10, 2005?</p>
111	113
<p>1 Hoffman 2 A Yes. 3 Q Are those the same transactions that 4 are referred to in paragraph 4 Exhibit 10? 5 A That shows a purchase of approximately 6 40,000 shares and the other one on page SPT, 7 whatever it is -- 8 Q I'm asking you a slightly different 9 question. I'm trying to link these 10 transactions to the transactions that are 11 listed on Exhibit 10. 12 A Oh, yes. 13 Q That's all I'm trying to figure out. 14 I won't ask you to pull out a calculator, but 15 I added the investment cost of the two 16 investments made on SPT 07 and it appears to 17 total \$941,595.11. 18 Does that appear to be approximately 19 current just by eyeballing it? 20 A I guess. 21 Q I'm looking at Steelworkers Pension 22 Trust 07. You're probably as good or better 23 in doing math in your head than I am. 24 Am I correct that taken together SPT 25 06 and SPT 07 reflect proceeds of</p>	<p>1 Hoffman 2 A Fox purchased 40,000 and sold 40,000, 3 and they made a profit. And at a different 4 time period they purchased more, and they 5 lost money in the transaction. 6 Q I'm merely asking how many shares of 7 VEECO stock the Steelworkers held as of 8 February 10, 2005. 9 A I don't know. 10 Q Does Exhibit 10 indicate to you that 11 it must have been 40,000 shares or that it 12 must have been at least 40,000 shares? 13 A We purchased 40,000 shares and sold 14 them on January 6th. I don't know. 15 Q I might be able to clear this up with 16 another exhibit. 17 MR. WALLIN: I ask you to look 18 at a document that was previously 19 produced to me by Fox Asset 20 Management. It's been previously 21 provided to your counsel. Let's mark 22 it as Exhibit 12. 23 (Whereupon a document was 24 marked as Exhibit 12 for 25 identification, as of this date.)</p>

<p style="text-align: right;">114</p> <p>1 Hoffman 2 Q Do you recognize what we have marked 3 as Exhibit 12? 4 A I never saw it before. 5 Q Have you ever seen a document in this 6 form before? 7 A I've seen documents of this form 8 before, yes. 9 Q Do you understand how to read the 10 document of this sort? 11 A No. 12 MR. STOCK: We're willing to 13 stipulate to the accuracy of the 14 transactions listed here. 15 MR. WALLIN: Okay. Fine. 16 Q Look at the bottom two transactions 17 here on this page, Mr. Hoffman. 18 A The last two transactions in? 19 Q Yes. 20 Do you recall VEECO selling -- do you 21 recall the Steelworkers selling two blocks of 22 VEECO shares on or around May 25, 2005? 23 A I recall they sold shares at a loss in 24 2005. 25 Q Around that time period?</p>	<p style="text-align: right;">116</p> <p>1 Hoffman 2 A We provided them with everything. 3 MR. STOCK: I want to note for 4 the record that there are certainly 5 different time periods, that Exhibit 6 10 certifies us to all transactions 7 between November 3, 2003 to February 8 10, 2005 and Exhibit 12 appears to 9 include all transactions from 10 January 2, 1997 to November 28, 2005. 11 When the question is that only 12 Fox Asset Management, we had no 13 occasion to and certainly we didn't 14 update this morning whether any other 15 investment managers have invested 16 outside of the class period. 17 MR. WALLIN: I understand that, 18 and I wasn't intending to suggest that 19 those two documents covered the same 20 time period. 21 Another five-minute break, and 22 maybe we can wrap it in 45 minutes. 23 (Brief recess was taken.) 24 Q We noted earlier in Exhibit 8 that the 25 class -- proposed class period is from</p>
<p style="text-align: right;">115</p> <p>1 Hoffman 2 A Yes. 3 Q Is it your understanding that 4 Steelworkers sold all of its holdings in 5 VEECO Instruments at that time? 6 A All the holdings by Fox, yes. I don't 7 know about the others. 8 Q Do you have any reason to believe 9 there were holdings by other money managers 10 other than the holdings by Fox? 11 A I have no reason to believe that, but 12 I can't swear that they didn't have an 13 investment in VEECO. 14 Q What steps did you take to ensure that 15 the certification marked as Exhibit 10 was 16 accurate when you signed it? 17 A I didn't take any steps. I assumed it 18 was accurate because of all the information 19 that we had given to our attorney. I didn't 20 go back and check the documents we had given 21 them, our attorneys, and I trusted them, and 22 I assume that they put the correct 23 information. 24 Q Does that mean you provided some sort 25 of trading records to your attorneys?</p>	<p style="text-align: right;">117</p> <p>1 Hoffman 2 November 3, 2003 to February 10, 2005, 3 correct? 4 A Yes. 5 Q Is it your view that the price of 6 VEECO stock was inflated at all points in 7 time during that period? 8 A Can you repeat that? 9 Q Is it your view that the price of 10 VEECO stock was inflated as a result of false 11 and misleading statements by VEECO at all 12 points in time during that period? 13 A I can only tell you that the price was 14 inflated at the time we purchased it. 15 Q Do you have a view whether it was 16 inflated? 17 A Yes, I have a view. It probably was 18 inflated. 19 Q Are you aware that the complaint 20 alleges that the price of VEECO stock was 21 inflated at all points in time between 22 November 3, 2003 and February 10, 2005? 23 A I don't specifically remember that 24 allegation. I know it was inflated at the 25 time we purchased it.</p>

<p style="text-align: right;">122</p> <p>1 Hoffman 2 items. We'll see if you understand. 3 The reference here on the top left 4 corner to 40,000 shares appears to refer to a 5 transaction on January 6, 2004. Is that the 6 same transaction that is referred to in 7 paragraph 4 of Exhibit 10? 8 A It appears to be. 9 Q That is the transaction that had 10 proceeds of \$1,255,197.17? 11 A Correct. 12 Q Looking one space over underneath the 13 column titled, "Base Cost," there is a number 14 \$1,033,024.50. 15 Does that column indicate the cost 16 basis of the Steelworkers' purchase of this 17 block of VEECO securities? 18 A Yes. 19 Q Does the third column with number 20 \$222,172.67 indicate the net gain on the 21 Steelworkers sale of this block of 22 securities? 23 A Yes. 24 Q Look back at the second page of the 25 second overall page of this exhibit. If you</p>	<p style="text-align: right;">124</p> <p>1 Hoffman 2 VEECO stock listed on Exhibit 12? 3 A Repeat the question. 4 Q Do you have any knowledge of why the 5 Steelworkers purchased any of the blocks of 6 shares of VEECO stock listed on Exhibit 12? 7 A The only knowledge I have is that the 8 money manager, Fox, decided to do the 9 transaction. 10 Q That is exactly what I'm asking. Do 11 you have any knowledge beyond that? 12 A Not beyond that, no. 13 Q Do you have any knowledge as to why 14 Fox Asset Management decided to purchase 15 those blocks of shares at that particular 16 point in time? 17 A No. 18 Q Do you have any knowledge why Fox 19 Asset Management sold these blocks of shares 20 listed on Exhibit 12 at a particular point in 21 time? 22 A No direct knowledge. 23 Q Do you have some indirect knowledge? 24 A No, I have no indirect knowledge. 25 Q Am I correct that you do not know what</p>
<p style="text-align: right;">123</p> <p>1 Hoffman 2 can get in front of you as well Exhibit 12. 3 A Okay. 4 Q Your counsel has already stipulated to 5 the accuracy of the transactions listed in 6 Exhibit 12 so I won't make you go through 7 that again, but I just want to confirm that 8 the transaction listed here at the bottom of 9 the second page of Exhibit 13, the sale of 10 40,000 shares, is referring to the sale of 11 the two blocks of VEECO stock listed here on 12 the bottom of the master transaction summary 13 that is marked as Exhibit 12. 14 A It appears to, yes. 15 Q You'll note that the settlement dates 16 for both is listed as May 31, 2005? 17 A Yes. 18 Q Am I correct that the stock indicates 19 that the Steelworkers lost \$353,103.80 on the 20 sale of this block of 40,000 shares? 21 A Correct. 22 Q Let's continue to look at Exhibit 12 23 for just a moment. 24 Do you have any knowledge of why the 25 Steelworkers made any of the purchases of</p>	<p style="text-align: right;">125</p> <p>1 Hoffman 2 information Fox Asset Management did or did 3 not rely on in deciding to execute these 4 transactions? 5 A No, I do not. 6 Q Did you ever have any discussions with 7 anyone else affiliated with the Steelworkers 8 Pension Trust concerning the advisability of 9 the Steelworkers investing in VEECO stock at 10 any point in time between November 3, 2003 11 and the present date? 12 A No. 13 Q I know you've testified that you 14 wouldn't have discussed that directly with 15 the money manager. I'm just asking whether 16 you ever off-line had a discussion of that 17 sort with anybody internally. 18 A No. 19 Q Look at paragraphs 45 through 56. 20 These are allegations relating to 21 transitional service agreement between VEECO 22 Instruments and Emcore. 23 A Yes. 24 Q Are you familiar with the substance of 25 the allegations in paragraphs 45 through 56?</p>

1 Hoffman 2 A What I was aware of when this document 3 was presented to me for signature was that 4 VEECO had purchased the TurboDisc from 5 another company and screwed it up pretty 6 badly by -- the original owner of TurboDisc 7 had outsourced a lot of the manufacturing 8 which VEECO attempted to bring in-house and 9 really screwed it up and made an inferior 10 product which caused them to lose customers 11 and caused them to have claims under 12 warranties skyrocket. That is the general 13 knowledge that I had. 14 Q Skim paragraphs 45 through 56, because 15 I think you're confusing some of the 16 allegations in the complaint. 17 MR. STOCK: I object to his 18 characterization of his testimony, but 19 continue. 20 A You want me to read all of this? 21 Q I think if you read it quickly, it 22 will probably bring it back to you. It's 23 only about three or four pages I would like 24 to you look at. 25 A My answer stands. I was aware when I	126 1 Hoffman 2 Q Did VEECO's restatement of its 3 financial statement for the first three 4 quarters of 2004 reflect any correction or 5 adjustment of any revenue that VEECO had 6 originally recognized during the first three 7 quarters of 2004 relating to a transitional 8 service agreement between VEECO and Emcore? 9 A I do not know. 10 Q Are the Steelworkers purporting to 11 represent persons who purchased a block of 12 shares at some point after November 3, 2003 13 and sold their entire block of shares prior 14 to February 10, 2005? 15 A I'm not sure of the dates, but we are 16 purporting to represent those who purchased 17 and sold shares within the class period. 18 Q I think I can refer to this better. 19 Are you purporting to represent only those 20 purchasers of VEECO stock who continue to 21 hold VEECO stock as of February 10, 2005? 22 A I don't know. My understanding is we 23 represent as lead plaintiff those who lost 24 money on VEECO stock during that certain 25 period of time. If someone is still holding
127 1 Hoffman 2 reviewed this answer of a general sad history 3 of the acquisition of TurboDisc. I wasn't 4 aware of all the details. I probably was 5 advised of them somewhere along the line, but 6 I just had a general recollection. 7 Q I wasn't trying to challenge your 8 answer. 9 Does this refresh your recollection 10 that you're alleging VEECO somehow improperly 11 recognized revenue relating to a transitional 12 service agreement between VEECO and Emcore? 13 A Yes. 14 Q To your knowledge, did VEECO ever 15 disclose or correct any improper recognition 16 of revenue relating to the transitional 17 service agreement during the first three 18 quarters of 2004? 19 A No. 20 Q In other words, that was not correct 21 in their restatement? 22 MR. STOCK: Object. You 23 phrased it very differently. 24 MR. WALLIN: I'll rephrase the 25 question.	129 1 Hoffman 2 the stock, we don't know whether they're 3 going to lose money or not right now. 4 Q Who made the decision on behalf of the 5 Steelworkers to sue VEECO? 6 A Pardon? 7 Q Who made the decision on behalf of the 8 Steelworkers to sue VEECO? 9 A I did. 10 Q Did anyone else participate in that 11 decision other than you? 12 A With the Steelworkers? 13 Q Yes. 14 A No. 15 Q Did you make that decision before or 16 after retaining counsel in this action? 17 A We had relationship with counsel in 18 other cases, and they approached me and 19 discussed VEECO which I was somewhat familiar 20 with. And they proposed the class action, 21 and I said, "Fine, I agree with that." 22 Q What was the prior relationship with 23 counsel you're referring to? 24 A They represent us in several other 25 class actions.

1 Hoffman 2 Q Which ones? 3 A I forget. 4 Q Were they any of the actions listed on 5 Exhibit 10? 6 MR. STOCK: Take a look at 7 Exhibit 10 to refresh your 8 recollection. 9 A Oh, yes. 10 Q Which ones? 11 A Marsh & McLennan Companies Litigation. 12 Williams Securities Litigation. Nortel 13 Networks, St. Paul Travelers, Pfizer, Baxter 14 International, Scudder Mutual. We had a 15 relationship with these attorneys for a 16 number of years. 17 Q Which particular individuals at Berger 18 & Montague have you had a relationship with? 19 A Mainly Miss Parker. 20 Q Any other attorneys? 21 A This gentleman and some others. 22 MR. STOCK: Shelly S-A-V-E-T-T 23 and Arthur Stock, who he's pointing 24 to. 25 Q When were you first contacted by	130	1 Hoffman 2 MR. STOCK: With respect to 3 this case in particular? 4 MR. WALLIN: Yes. 5 A Well, the first contact would have 6 come from us when we supplied them the 7 information which is done routinely. We 8 supply Miss Parker with information on our 9 trades, and she will then contact me if she 10 thinks we might have an action. 11 Q So you provide information to 12 Miss Parker on some sort of regular basis 13 independent of whether there is any impending 14 litigation? 15 A Yes. 16 Q How long has the Steelworkers had a 17 relationship with Berger & Montague? 18 A A couple of years, at least. 19 Q How did the Steelworkers come to have 20 a relationship with Berger & Montague? 21 A Well, we had been the recipient of 22 class action settlements for years. In the 23 WorldCom Bond litigation we hired the local 24 counsel here -- 25 THE WITNESS: What is the name?	132
1 Hoffman 2 counsel regarding a possible action by VEECO? 3 A I don't remember. It was sometime 4 during this early part of the year. 5 Q Do you recall how soon after the 6 February 11th press release that I showed you 7 earlier? 8 A How soon after they contacted me? No, 9 I don't remember that. 10 Q Can you approximate? 11 A I would say several months, I would 12 say. 13 Q Are the Steelworkers represented by 14 any other counsel in this action besides 15 Berger & Montague? 16 A In securities litigation? 17 Q In this action. 18 A No. 19 Q Have you spoken to any other attorneys 20 about a potential action against VEECO prior 21 to speaking to Berger & Montague? 22 A No. 23 Q Were you contacted by counsel in the 24 first instance or did you contact counsel in 25 the first instance?	131	1 Hoffman 2 MR. STOCK: I don't know. It 3 wasn't Berger & Montague. 4 THE WITNESS: Dave Bershad. We 5 had hired them in the WorldCom Bond 6 litigation which didn't turn out. 7 We're still going to collect something 8 through the SEC, and I began thinking 9 that we ought to have counsel who will 10 monitor the securities litigation. I 11 didn't know of this law firm until I 12 asked around and I discovered them. 13 Q How long after you were first 14 contacted by Miss Parker concerning a 15 potential action against VEECO did you decide 16 to actually go forward with an action against 17 VEECO? 18 A Probably the same day. 19 Q Was it during the same conversation? 20 A Yes. 21 Q Do you recall how long that 22 conversation was? 23 A Long. 24 Q More than an hour? 25 A No.	133

1 Hoffman

2 Q More than a half hour?

3 A I would say about a half hour.

4 Q To your knowledge, is anyone employed

5 by the Steelworkers Pension Trust ever worked

6 for Berger & Montague?

7 A No, not to my knowledge.

8 Q Or any relatives of anyone employed at

9 Steelworkers ever work at Berger & Montague?

10 A Relative of employees?

11 Q Yes.

12 A Not to my knowledge.

13 Q If there is a disagreement between the

14 Steelworkers Pension Trust and Miss Parker

15 about a strategic matter in this litigation,

16 are you under any obligation to do anything?

17 A Rephrase -- say that again.

18 Q If there is some disagreement between

19 you and your counsel concerning strategic

20 matter in this litigation, are you under any

21 obligation to do anything?

22 MR. STOCK: Objection.

23 Unclear.

24 If you can answer, go ahead.

25 THE WITNESS: Can I answer?

1 Hoffman
2 without assuming any of the costs?
3 A It costs us nothing.
4 Q Have the Steelworkers been billed at
5 all by Berger & Montague in connection with
6 this action?
7 A No.
8 MR. WALLIN: I believe that's
9 all, Mr. Hoffman.
10 THE WITNESS: Thank you.
11 MR. STOCK: I do not have any
12 questions. Deposition is completed.
13 (Time noted: 2:00 p.m.)
14
15 -----
16 RICHARD S. HOFFMAN
17 Subscribed and sworn to before me
18 this day of 2005
19
20 -----
21 NOTARY PUBLIC
22
23
24
25

1 Hoffman
2 MR. STOCK: If you can.
3 A If there is any disagreement between
4 the Steelworkers Pension Trust and the law
5 firm, we make the decision.
6 Q That's what I'm asking.
7 A In other words, there are no
8 disagreements.
9 Q Whose responsible for the cost of this
10 litigation on the plaintiff's side?
11 A They are (pointing), contingent fee.
12 Q Is that contingent fee memorialized in
13 any sort of written agreement?
14 A No, I don't believe so.
15 Q If this action goes forward for
16 whatever reason, the Steelworkers don't
17 receive any recovery, do you have any idea
18 whether the Steelworkers would have any
19 obligation to assume any other costs related
20 to the action?
21 A If we have no obligation to the
22 attorneys in that case.
23 Q Essentially what I'm asking is if the
24 court dismisses the action, do the
25 Steelworkers, are they able to walk away

	I N D E X		
	EXHIBITS		
	FOR IDENTIFICATION	DESCRIPTION	PAGE
1	A document bearing production numbers SPT 01 through SPT 02	20	
2	VEECO Instruments' 10-K form for fiscal year ending December 31, 2003	58	
3	A press release dated February 11, 2005 filed by VEECO Instruments	89	
4	A reply memorandum of law by Steelworkers Pension Trust	94	
5	A brief	94	
6	A press release dated November 3, 2003	98	
7	A transcript of a conference call on November 3, 2003	98	
8	Consolidated amended class action claim	101	
9	A document bearing production numbers SPT 09 through SPT 10	104	
10	A document bearing production numbers SPT 11 through SPT 12	104	
11	A document bearing production numbers SPT 03 through SPT 08	107	
12	A document	113	
13	A series of account statements from Fox Asset Management	118	

138	
1	
2	I N D E X (CONTINUED)
3	INFORMATION/DOCUMENTS REQUESTED
	DESCRIPTION PAGE
4	
5	Production of Fox Asset 52
6	Management report
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
139	
1	
2	C E R T I F I C A T E
3	I, VILMA TORRES, hereby certify that the
4	Examination Before Trial of RICHARD S. HOFFMAN was
5	held before me on the 8th day of December, 2005;
6	that said witness was duly sworn before the
7	commencement of testimony; that the testimony was
8	taken stenographically by myself and then
9	transcribed by myself; that the party was
10	represented by counsel as appears herein;
11	That the within transcript is a true
12	record of the Examination Before Trial of said
13	witness;
14	That I am not connected by blood or
15	marriage with any of the parties; that I am not
16	interested directly or indirectly in the outcome
17	of this matter; that I am not in the employ of any
18	of the counsel.
19	IN WITNESS WHEREOF, I have hereunto set my
20	hand this day of , 2005.
21	
22	-----
	VILMA TORRES
23	
24	
25	

140

1
2

ERRATA SHEET

3

4

PAGE/LINE

CORRECTION

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25